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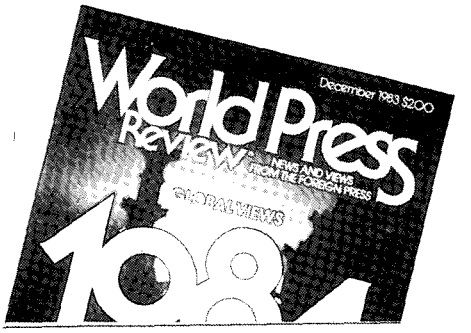

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APRIL 1984/VOL. 15, NO. 12

reason

Free Minds and Free Markets

FEATURES

Inside "Free Angola" 22

FIGHTING THE SOVIET IMPERIALISTS: UNITA IN ANGOLA

Angola's Soviet-backed regime is losing ground to the anti-Marxist UNITA guerrillas—and the Soviets just might be handed a major colonial defeat. REASON sent a reporter into the heart of UNITA-held territory for a first-hand look at the guerrillas and their anti-imperialist war.

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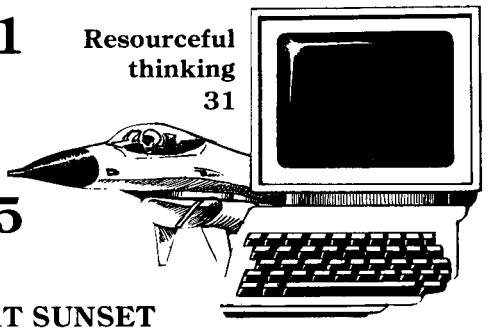

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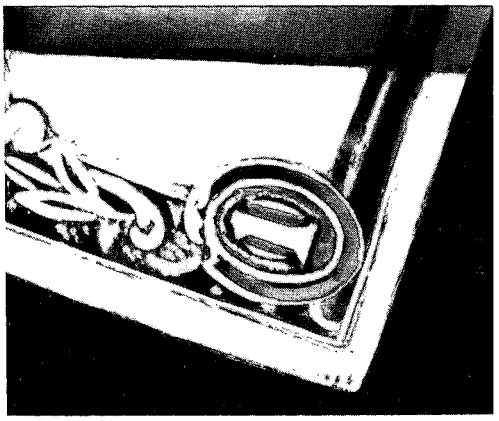

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Cover photographs by Jack Wheeler

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NOTEs

Several months ago we sent out a letter to REASON readers advising that foundation support for the magazine's investigative journalism program was being reduced. I'm pleased to report that hundreds of you responded with contributions. Controller John Northrup assures me that we can now continue the costly but invaluable investigative journalism program throughout 1984. All of us here at REASON appreciate your loyal support.

One result of that investigative journalism program is Jack Wheeler's cover story in this issue. Media interest in Jack's findings has been great. Even before he'd completed his first draft of the article, he'd been a guest on both the Michael Jackson and Merv Griffin programs and taped several commentaries for the Voice of America. Late in January he did the Ray Briem show on the ABC radio network and the George Putnam show in Los Angeles. And on January 26 he had a letter on Angola in the *Wall Street Journal.*

Other stories currently under way thanks to the Reason Foundation Investigative Journalism Fund include:

- a report on entrepreneurs who are flouting the regulators' prohibition of jitneys in a major American city, and
- a case study of how government funding of health care is leading doctors to recommend a medical treatment against their better judgment.

And Jack Wheeler is hard at work on the second installment of his "Fighting the Soviet Imperialists" series.

January 26 was REASON day at the *Wall Street Journal.* In addition to Jack Wheeler's letter, the op-ed pages included an excerpt from REASON's January interview with Nobel laureate George Stigler, a piece by Reason Foundation Advisory Board member Martin Anderson on Cabinet government, and a piece by REASON Contributing Editor Bruce Bartlett debunking the idea that the 5¢-a-gallon gasoline increase passed in December 1982 was a "jobs bill."

REASON contributors continue to get around. Free-lancer Randy Fitzgerald had an article in the December *Reader's Digest* on the remarkably successful efforts in Delaware to control the growth of government. Fitzgerald was also a principal author of the Grace Commission report "The Cost of Congressional Encroachment." Contributing Editor Tom Hazlett continues to be a prolific writer, with his latest effort a *Wall Street Journal* op-ed piece on the great (but unappreciated) economist W. H. Hutt. Reason Foundation Advisory Board member and frequent REASON contributor Steve Hanke has become a senior fellow at the free-market-oriented Manhattan Institute, in New York City. And Contributing Editor Bruce Bartlett is moving from being executive director of the Joint Economic Committee to a position on the White House policy development staff. Finally, our own managing editor, Eric Martí, has received honorable mention for his December 1982 REASON article, "Self-Help Housing," in the Golden Hammer Awards Competition sponsored by the National Association of Home Builders.

—R.W.P.

Jack Wheeler, the author of "How to Dismantle the Soviet Empire" in REASON's November 1983 issue, appears again this month with the cover story that begins on page 22. Even as we were preparing his earlier article on the potential of ethnic national-liberation movements within the Soviet Union, Jack was off on a five-month REASON investigation of the relatively new phenomenon of Third World guerrilla movements that, far from being inspired by Marxist ideology and supported by the long arm of the Soviet Union, are trying to free their countries of Soviet occupation or Soviet-backed Marxist governments. Jack's investigation took him to Central America, Afghanistan, and Angola; he also met in Africa with insurgents from Mozambique and Ethiopia.

Also in this issue we have an excerpt from a new book by psychologist Nathaniel Branden, due in the book stores within a few weeks of the release of this issue of REASON. Dr. Branden is the author of the well-regarded book *The Psychology of Self-Esteem.* We suspect that many people who agree with his thesis that it is important and right for individuals to develop their own potential will be at least initially taken aback by the political implications Branden finds in this thesis; we excerpt here (see page 41) the chapter in his latest book that lays out these implications.

—M.Z.

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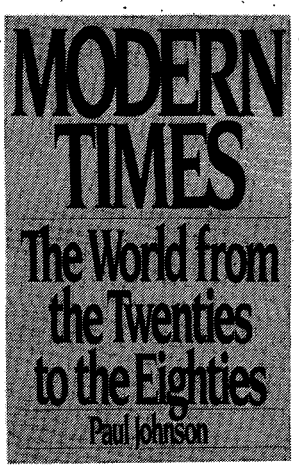

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"The _____ invasion [of Washington], one visiting statesman observed, was 'like watching the Borgia brothers take over a respectable north Italian town'." (Page 614)

"In the atomic field Soviet agents included Julius and Ethel Rosenberg. Morton Sobell, David Greenglass, Harry Gold, _____ (alias Alexander Stevens), to whom Whittaker Chambers acted as courier, and Jacob Golos, as well as Klaus Fuchs, who had been cleared by British security." (Page 458)

"Yet _____ was not a statist. He said he was against any attempt 'to smuggle fascism into America through the back door'. On many issues he was a liberal....He did not make anti-Semitic jokes, like Woodrow Wilson and his wife or Franklin Roosevelt. To a very wide spectrum of educated American opinion, he was the leading American public man..." (Page 243)

History Without Tears

We stick with many a book because it's good for us, because we *ought* to read it. *Modern Times* is a welcome change, compulsively readable. As the snippets above suggest, Paul Johnson is a pleasure to read.

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EDITORIAL

Robert W. Poole, Jr.

Defending Everyone?

Last fall's invasion of Grenada posed a dilemma for advocates of liberty and limited government. On the one hand, no one can quarrel with the results achieved. A gang of Marxist-Leninist butchers posing as a government was ousted, and basic freedoms restored to a people whose gratitude was virtually unanimous.

What's troubling, however, is the means by which this good result was achieved—armed intervention by the US government. If freedom lovers are to judge foreign policy by the same standards as domestic policy, we cannot adopt the view that a good end justifies any means. And from the perspective of constitutional limited government, it is difficult to see any principle that justifies sending US armed forces around the world to secure *other people's* freedoms. Since the large majority of governments systematically violate their citizens' rights, such a standard would amount to carte blanche for intervention everywhere.

Some will reply that the construction of an airfield on Grenada by the Cubans constituted a military threat to the United States, thereby justifying an invasion. But that threat is insignificant compared with that of Cuba itself, armed to the teeth and just 90 miles from Florida. The real military threat posed by a Grenada base was to the other island mini-states nearby—a threat that led the Organization of Eastern Caribbean States to ask for and participate in the US-led invasion.

Why didn't the OECS simply do the job itself? The plain fact is that its member states did not have the military means to do so. And that situation is hardly unique to the Caribbean. The last three decades of decolonization have created 30 mini-states with populations under 400,000. All are vulnerable to takeover by relatively small groups, especially if those groups have the backing of a Cuba.

Thus, those who are, with good reason, concerned about US intervention overseas should welcome the proposal of Barbados Prime Minister Tom Adams for creation of a regional defense force for the eastern Caribbean. Based in Barbados, it would maintain garrisons of 50 to 100 troops on at least two other islands, as well. US Secretary of State George Shultz endorsed the plan in February, pledging that the US government would arm and train the force.

What's noteworthy here is not whether or not this trivial expense would be borne by US taxpayers. More significant is that the idea for the force originated in the Caribbean, and control over its operations would rest with the Barbadans, Dominicans, Grenadans, etc., themselves. This represents a significant break from the general pattern of post–World War II defense-pact arrangements.

The initial batch of alliances—NATO, CENTO, SEATO, etc.—were all billed as "mutual" defense alliances. In fact, however, they were one-sided arrangements in which Superpower Uncle Sam became the senior partner of a group of smaller states. The US government was pledged to intervene militarily if any member state was attacked—in exchange for which the junior partners presumably agreed to do the same for us!

Although those alliances have pretty much disintegrated, except for NATO, their spirit lives on in recent initiatives like the Rapid Deployment Force and the ill-fated Jordanian strike force (to be flown to Mideast trouble spots in *US* transport planes). What is common to all these efforts is a desire to maintain *control* of other countries' defenses.

Yet this insistence on control risks undermining a very promising development: the emergence of independent regional defense alliances. In the Persian Gulf, last October the Gulf Cooperation Council (consisting of Saudi Arabia plus Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates) held its first joint military maneuvers. A senior UAE official told the Associated Press, "The games are the nucleus that the gulf countries hope to develop into a small NATO of their own." Less far along, but beginning to develop, is military cooperation among the five members of the Association of South-East Asian States—Indonesia, Malaysia, the Philippines, Singapore, and Thailand. The *Economist* recently suggested that ASEAN take responsibility for patrolling the trade routes through the Strait of Malacca and the South China Sea.

More and more, thoughtful defense analysts realize that the US government has taken on defense commitments that it cannot realistically meet without even more massive defense budgets than those being rejected today. On paper, *this country is committed to defend more than 40 nations.* That vast network of commitments greatly increases our risk of getting drawn into wars. And in the nuclear age, the risk of escalation to nuclear war is all too real, as Sam Cohen illustrated in last month's cover story on Israel.

It is thus essential to begin phasing out those commitments. The responsible way to do that is to encourage the development of independent regional defense alliances like ASEAN, the Gulf Cooperation Council, and the Eastern Caribbean force. And, of course, to force our wealthy allies, Japan and Western Europe, to assume their proper responsibility for defending themselves.

What is especially ironic is to see self-styled advocates of lower defense budgets and peace *opposing* such moves. Recently, for example, the Center for Defense Information released a report criticizing US attempts to get the Japanese to take a larger role in their own defense. Raising the specter of a revived Japanese militarism, the CDI report warned of the "risks of promoting a resurgence of the Rising Sun."

But risks are *inherent* in giving up control of allies' defenses. Given the reality of the Soviet threat, the basic choice is between continuing today's dangerous bipolar world order—the entire world in one or the other superpower camp—or moving to a world of multiple regional centers of power. A well-armed ASEAN or Japan or Gulf Cooperation Council might not always do US bidding, but each would provide a strong counterweight against Soviet aggression in its part of the world. Given the risks and costs of continuing with the status quo, the choice seems clear-cut. A safer world will be one in which all countries take *self*-defense seriously.

Robert W. Poole, Jr.

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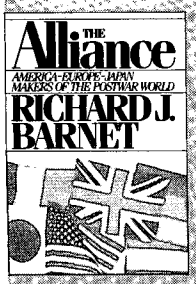

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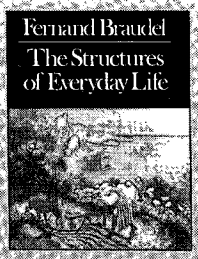

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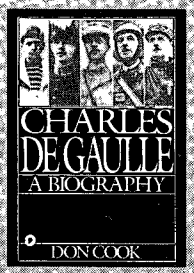

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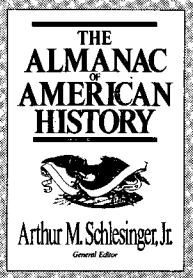

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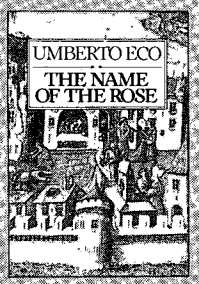

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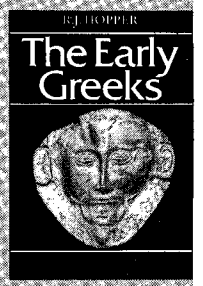

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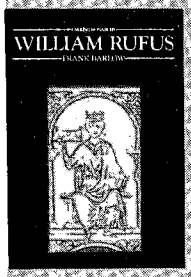

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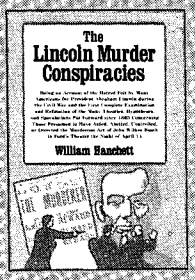

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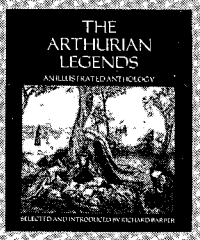

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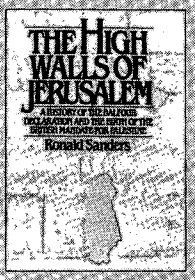
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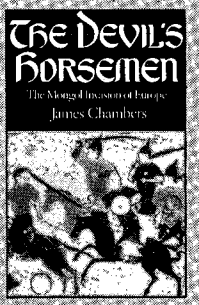

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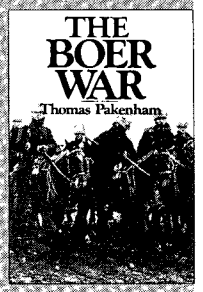

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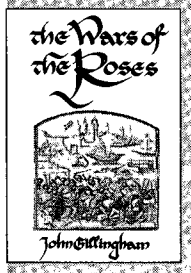

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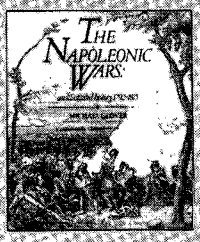

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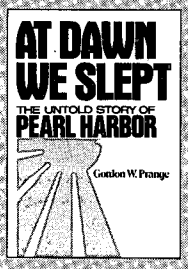

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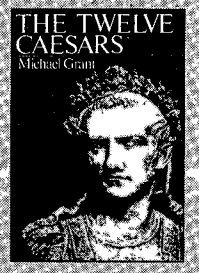

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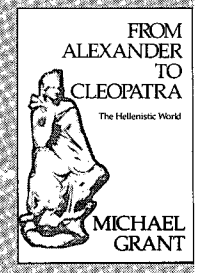

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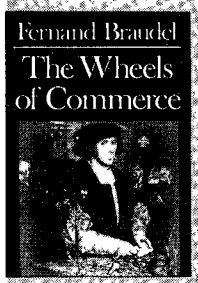

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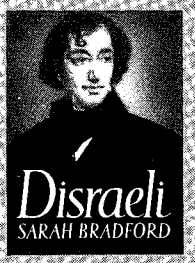

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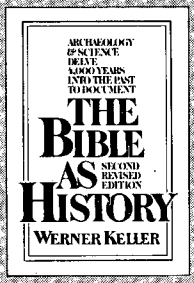
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Letters

Voucher Lessons

Congratulations to John McClaughry for a superb presentation of the case for family choice in education ("Who Says Vouchers Wouldn't Work?" Jan.). Your readers should note that even as his article appeared, the only respectable argument against vouchers was being pulverized in Nebraska. Private-school parents in that state do not receive one dime of direct or indirect financial assistance from government, but that fact did not stop Nebraska's bureaucrats from moving to shut down schools that do not comply with state regulations. Those who think they can secure freedom for private schools by opposing vouchers are simply kidding themselves.

Educational freedom depends on two things: (1) a large and active private-school constituency and (2) an absolutely clear understanding that parents, not the state, are the primary custodians and decision-makers for children. Vouchers would nourish both.

Lawrence A. Uzzell
Learn, Inc.
Washington, DC

Amendment Solution

My compliments to REASON and John McClaughry for the excellent article about vouchers (Jan.). Two statements made in the article prompt me to add the following.

First, LeRoy Chatfield and I intend to qualify our California School Voucher Initiative for the November 1984 ballot, not the June primary.

Second, it is not true, as suggested by Mr. Klausner in his sidebar to the voucher article, that vouchers are more likely than tax credits to foster government control of private education. I agree that pressures to regulate private schools will increase when all institutions are forced to compete. But it is the reality of competition, not the mechanism (tax credit or voucher) creating competition, that stimulates the regulatory activity.

That is why our initiative constitutionally prohibits new state or local interference with private schools. And a constitutional protection is the best any scheme (tax credit or voucher) can provide. Private schools now must comply with certain provisions of the state education code, so the power of legislators to regulate private education is not in doubt. That power does not depend on how private schools are funded. Legislators will attempt to use that power if encouraged to do so by aggrieved interests (for example, government educators distraught over loss of a captive audience or disgruntled parents who expect private schools to satisfy all consumer demands).

It is naive to argue that tax credits somehow obviate the possibility of government control. A government agency can specify requirements for schools eligible to utilize tax credits as easily as it can promulgate rules for schools receiving vouchers.

Mr. Chatfield and I endorse tax credits as a means of improving educational quality. But our support is not based on the mistaken notion that tax credits will shield private education from a hostile reaction to competition. Only a constitutional amendment will block government intrusion. And that is what we have written.

Roger Magyar
Parents Choose Quality Education
Sacramento, CA

Selling Land to Save Social Security

I congratulate Loren Lomasky on his article "Buying Out of Social Security" (Jan.). In my view, he clearly stated the problems and realistically assessed both the political and economic factors that must be taken into account when redesigning the system.

I am especially impressed by the article's concluding section, which advocates dealing with the deficit of 50 billion dollars per year over the next two decades by selling the federal government's land holdings. My colleague, Rick Stroup, and I have advocated that approach for the past several years. Specifically, we have advocated this policy at several academic meetings and in the chapter "Timber Beasts, Tree Huggers, and the Old Folks at Home" in our recent book *Natural Resources: Bureaucratic Myths and Environmental Management.*

John Baden
Political Economy Research Center
Bozeman, MT

Paying the Price Of Improvidence

Loren Lomasky wants to put the cost of clearing up the mess on everyone but those who are profiting by it—those who have caused the problem by their unscrupulous greed in accepting largely unearned pensions.

As a result of having drifted from one low-value job to another, often with considerable gaps in between while I used up my savings, I have at my present age of 53 no private pension rights worth taking into account and no intention of striving for any during the remainder of my working life. But I have accepted for many years now that I must pay the price of my improvidence by ending my life within a fairly short time of ceasing work. It would be unthinkable for me, as it surely would be for any honest person, to prolong my life by accepting an income forcibly taken from others.

Victor Robertson
Indianapolis, IN

Feasibility, Not Fairness

A pity that Jim Davidson's remarkably temperate "Weep Not for the Wizened" (Viewpoint, Oct.) was such an unappreciated pearl before one of your irate subscribers (Letters, Jan.). Davidson's points were well-taken, and some even counter several appalling remarks in Loren Lomasky's "Buying Out of Social Security" (Jan.).

Mr. Lomasky could reasonably have pointed out the political infeasibility of repudiating the current Ponzi-Capone scheme of subsidizing the elderly. But for him to assert that the "fair" thing to do is to spread the fraud among various age groups is obscene. Some of the elderly may be worthy recipients of private charity, but extorting from Peter now to mollify past-victim Paul is hardly "fair."

Moreover, obviously a majority of these "victims" either acquiesced in, or

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actively perpetrated, an ongoing fraud that began before I was born. Wherein arises the fairness in extorting money from me for the benefit of that ilk? Especially when I could be sending money to my parents—who at least *did* something for me—if the government left me with more of my own money in the first place.

It is poor strategy to concede morality to what is merely the political power of pressure groups, such as the elderly. The first step toward reform is honesty. Bravo, Mr. Davidson. Shape up, Mr. Lomasky.

John Dentinger
Los Angeles, CA

Simple Solution: Stop Stealing!

While Loren Lomasky recognizes the tragic and fraudulent nature of the Social Security system, his proposed solution tramples all over the rights of individuals.

Lomasky proposes that persons age 16 to 45 continue to pay Social Security taxes on a decreasing scale, claiming that this "would be their cost of 'buying out' of the system, and it is appropriate that they carry their fair share of the burden." This is the same statist argument used to justify all current government violations of individual rights—the draft, the income tax, public education, and the present Social Security system.

Since "there is no very attractive solution to the Social Security mess," I agree with Lomasky that "we must look at the least bad response that can be designed." I propose that the least bad solution is to begin respecting the natural right of all individuals to hold onto their earnings. Since each person is the just and rightful owner of the fruits of his labor, then the "least bad response" to the Social Security fraud is to stop stealing money from all persons—young and old....

David Morris
W. Columbia, SC

Mr. Lomasky replies: My critics raise a point of the utmost importance. I advocate phasing out Social Security rather than abruptly disavowing all obligations created by the program during its checkered 50-year history. This, they contend, is to acquiesce in continued thievery. To be sure, some will be severely worsened by the immediate elimination of the system, but these are persons who have illegitimately battened on an immoral system. The only legitimate policy is to go cold turkey, the sooner the better.

This is not an absurd position to take, whatever its political practicality. However, I believe it to be mistaken. My critics' argument presupposes the wrongness of initiating coercion. I concur. They maintain further that, when a pattern of coercive practices exists, it is equally wrong to utilize coercive means, even in the service of moving away from those practices. That is, they suppose that the demands of morality are always and everywhere the same, whether in a situation in which rights have generally been respected and are widely acknowledged, or where rights have been substantially abridged and in which their content has been obfuscated by figures in authority and by their loyal underlings.

Is it of any consequence that those now receiving Social Security payments were previously forced to pay for the pensions of others? That the vast majority of Americans has been seduced into believing that Social Security is a morally permissible activity of government—if not indeed morally mandatory? That millions of innocent persons planned for retirement in the all too warranted expectation that government would still be in the business of dragooning funds from Peter to pay Paul? That the true culprits—those in Congress who voted for the creation and subsequent voracious expansion of the system—will be harmed hardly at all by its abrupt demise, while those who had no part in perpetrating the scheme will certainly suffer? Apparently my critics take these facts to be of no moral salience whatsoever.

They are not alone in doing so. Many defenders of liberty follow them in supposing without argument that circumstances make no difference; coercion may neither be initiated nor utilized as a means to minimize and spread out pain on the way to a free society. To be sure, in my essay I too ignored the theoretical issues at stake. Space was lacking to do otherwise. I hope to address these issues on a subsequent occasion; they are too important to be left perpetually unexamined.

Past Answers To Present Problems

In his February editorial, "The Static Fallacy," Mr. Poole inquires "when was

(Continued on p. 61)

Playing politics with economic policy.

The former Assistant Secretary of the Treasury for Economic Policy gives us an astonishingly candid look at supply-side economics – its promise for revitalizing the economy and its problems in the Reagan White House, where policymaking took a back seat to personality and power politics.

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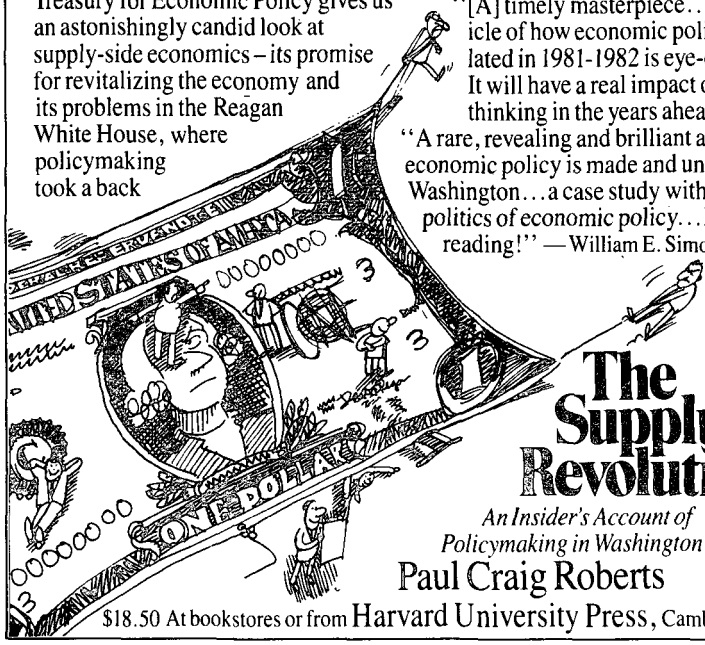

The Supply-Side Revolution

An Insider's Account of Policymaking in Washington

Paul Craig Roberts

$18.50 At bookstores or from Harvard University Press, Cambridge, MA 02138

brickbats

Massachusetts has given new meaning to the word *amnesty.* More than 100,000 people paid more than a total of $40 million in delinquent state taxes under a special one-week amnesty program. The idea was hailed as a model for other states. But now, the other shoe has dropped. Massachusetts, often called "Tax-achusetts," has given the names of everyone who took part in the program to the Internal Revenue Service—an entity not generally known for granting amnesty.

Ollie Watson, a 71-year-old widow, occasionally supplements her meager Social Security income by placing small bets for her neighbors unable to get to the Tampa Dog Track. She makes about $10 a day in commissions from her friends. So naturally she was arrested on bookmaking charges and had to spend a night in jail because she couldn't post the $100 bail. When she was arrested, the high-rolling grandmother had collected a whopping $17 in bets. Way to go, Vice Squad!

The US Navy spent $46,000 to build a 23-by-23-foot doghouse at the Brunswick, Maine, Naval Air Base. The structure, complete with grooming and food-preparation areas, outside lighting, and a security fence, houses *two* dogs trained to sniff out marijuana and explosives. Eighty-seven dollars a square foot for living quarters? The sailors should have it so good. Someone belongs in the doghouse for this extravagance, but it isn't the dogs.

Nebraska State Sen. James Pappas has introduced a bill that will *not* intend anything, define anything, provide any powers or duties, or provide for fees or penalties. His "do-nothing" bill will *not* declare any emergencies, or cost any funds. "People say we introduce too many bills, we don't help anybody, and we manage to screw up everything we try to do," the freshman legislator says. In that spirit, his bill has no provisions for the creation of a do-nothing agency because "there are already too many boards and governing bodies which are fulfilling those requirements." Any action taken under the do-nothing bill will violate the letter as well as the spirit of the bill. But in keeping with Pappas's intent, "the bill will do nothing to violators."

About 15 years ago, two teenagers were scuba diving in Lake Champlain, New York, when they found two bronze cannons that were used during the French and Indian War. The youths arranged to have the 246-year-old, 1,000-pound weapons raised, and stored them until they decided to sell last year. "We were told that New York State planned to claim the cannons," said Michael Davidson, one of the divers. "We didn't hear anything for 14 years. After that period of time, we really felt we were the owners." Not according to a judge who ruled that the state is entitled to historical items found on its lands. The two divers had sold the cannons to a historical association for $68,000, but the judge's ruling nullified the sale and the cannons were turned over to the state. What we'd like to know is who's going to salvage the concept of property rights?

It's easier to cut weeds than red tape, but Boy Scouts in Pennsylvania were stopped from doing either. The Scouts were trimming weeds on a vacant lot beside Interstate 83 for a "civic duty" merit badge when a state trooper told them they needed a $25 permit. They applied and were turned down by the state Department of Transportation. "It was kind of a shock," says 14-year-old Boy Scout Joe Lauver. "You think you're giving somebody help and then they stop you."

Mildred Combs spent three hours in jail recently in Highland Park, Michigan. Her crime? Well, she went to court to fight a traffic case, but she wasn't thrown into the slammer for going through a red light or anything like that. No, sir. Her offense was *really* heinous—she refused a judge's demand that she remove a campaign button. Was the button lewd, gigantic, or inflammatory? Nope. It just supported the candidacy of the judge's long-time political rival.

You wouldn't think there'd be a problem with keeping chickens in Bondurant, Iowa. But Mike and Pat Tilley's four clucking pets are ruffling a few feathers. Someone complained about the noisy clucks, and the town council voted to enforce the city's leash law, which says no one shall have "swine, cattle, sheep, poultry, dogs, cats, snakes or other domestic animals," except on leashes. The penalty is a $15 fine and a $5-per-day fee for each animal. "If we have to get rid of our chickens, other people in town will have to get rid of their dogs and cats," vows Mike Tilley. He denies that the hens are loud. "I sleep within 60 feet of them, and I never hear them."

—MARK EDWARD CRANE

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TRENDS

COULD SAVINGS SAVE MEDICARE?

It is ironic that Medicare, a health-care program, should be as financially sick as it is—and that the illness should be the result of its own extravagantly bad habits. Since Medicare, the part of the Social Security system left untouched in last year's "rescue," seems incapable of mending its ways on its own, some sensible remedies are being circulated.

David Swoap, the secretary of California's Health and Welfare Agency, has contended in a *Wall Street Journal* op-ed piece that Medicare's mounting budget problems cannot be solved without reforming the entire health-care system. He says that reforms should attack "the primary reason costs are out of control: a health-care industry in this country immune from the forces of the marketplace."

Among the reforms he proposes at the federal level are:

- revoking laws still on the books in about 40 states that stand in the way of insurance companies negotiating special rates with physicians and hospitals;
- gradually transforming Medicare's reimbursement system to a prepaid rate for the entire care of each beneficiary, similar to a private insurance plan (this would give the elderly the option of choosing any private plan that offered them the best mix of services);
- phasing out "archaic, cumbersome regulations" of the medical market such as California's "certificate of need" program that puts a lid on hospital construction; and,
- granting waivers to states to experiment with new types of medical-service delivery models.

If Swoap's proposals are a shrewd sort of artificial resuscitation, a recent proposal by the National Center for Policy Analysis, a Dallas think-tank, is a kind of heart transplant. In a recently published study whose contributors included Richard Rahn from the federal government's Social Security Advisory Council, the NCPA recommended that workers be given tax credits for annual contributions to individual retirement accounts known as "Health Bank IRAs." Funds that would accumulate in these accounts would be used to pay for private health insurance and medical expenses during workers' retirement years.

The logic of the NCPA plan is clear enough. In 1983, the average American worker paid about $464 in payroll taxes for Medicare. If a 20-year-old worker were permitted to invest an equal amount of money in a private Health Bank IRA instead, his account would contain $476,519 by the time he was 65 and $575,419 by the time he was 67.

"Money put into Health Bank IRAs would be the private property of the owner," said NCPA president John Goodman. "This means it would be part of the worker's estate and could be passed on to his heirs."

Medicare is a system that has managed for years to live on snake oil and incantations. With an estimated deficit of $400 billion by 1995, its collapse may be imminent. Sensible proposals like Swoap's and NCPA's would minimize the damage.

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—It's Always a Sellout

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ENTERPRISING STATES

In Washington, enterprise-zone legislation has had rough sledding. It's been almost four years now since two congressmen proposed the designation of zones in which enterprise would be encouraged via tax and regulatory relief, on the theory that this will spur job creation and reinvestment in declining areas. But House Democrats are keeping a Senate-passed enterprise-zone bill bottled up in committee.

What has been stifled in Washington, however, has been blossoming in various states. As syndicated columnist Neal Peirce reported recently, "The exciting news is how fast, without a federal law, the states have already moved to set up enterprise zones." He cited a study by the Washington-based Sabre Foundation, which came up with a tally of 11 states that have created 200 active enterprise zones of their own, another 8 states that have passed enabling legislation, and 3 more states where passage of zone legislation seems imminent.

The Sabre study, *Enterprise Zone Activity in the States*, noted some of the results of enterprise zones. In Toledo,

Ohio, a manufacturer of corrugated boxes, Owens-Illinois, hired virtually its entire new workforce from among a jobs-bank listing of a poor neighborhood's unemployed residents. In Louisville, Kentucky, a wood-products manufacturer in an enterprise zone hired 55 unemployed people to fill new jobs. Among other enterprise-zone ventures are a medical clinic in Capitol Heights, Maryland; a science park in a poor neighborhood near Yale University in New Haven, Connecticut; and a manufacturer of satellite communications dishes in Chanute, Kansas.

All told, the Sabre survey, based on questionnaires and follow-up phone interviews with local officials, identified 20,271 jobs saved, created, or planned, and $450 million in construction, expansion, and renovation in the zones—with local officials on average believing that zone incentives were a major factor in half of the new activity. And the study's authors note that these figures are conservative, because the average age of the zones surveyed was less than a year. Moreover, "states such as Kansas and Florida have made attempts to lighten paperwork requirements on zone-based companies, making it likely that the births of small, new enterprises in some instances have not been recorded by officials monitoring the enterprise zones," they said.

The Sabre study found that in some instances, incentives for enterprise-zone activity are broader than the reduced taxes and regulations envisioned in the federal legislation. Illinois's enterprise-zone statute encourages municipalities to transfer responsibility for delivery of public services within the zones to designated neighborhood organizations. In Norwalk, Connecticut, local governments have moved to involve neighborhood groups in activities such as block watches and fix-up programs.

And in Florida, the enterprise-zone legislation provides a tax credit for corporations and individuals donating funds or personnel to improvement projects in distressed areas. This has already resulted in more than $6 million in private contributions in Dade County alone for building or refurbishing public facilities.

State enterprise zones are thus showing that the claimed benefits can pan out. And as columnist Peirce concluded, since "no two states' tax and regulatory incentives are identical, in time, hard data will show just which systems produce the best results."

GENTRIFICATION CLARIFICATION

Some people believe that urban neighborhoods should welcome "gentrification" as enthusiastically as they would welcome bubonic plague. But a new study has been published offering persuasive evidence that the opposite is the case—that private renovation of declining neighborhoods is not as horrible as it's cracked up to be and is, on the whole, a positive development.

The mythology of gentrification revolves around the observation that when middle- and upper-income households move into depressed neighborhoods (the return of "the gentry") and renovate homes, property values in the neighborhoods go up and rents rise. Minority and elderly residents are thought to be thus victimized, because they can't afford the new rents and must move to crowded, less-desirable apartments elsewhere.

In various cities, this has been a rationale for rent-control ordinances, restrictions on condominium conversions, and taxes on property speculation. Recently, however, Michael Schill and Richard P. Nathan have published a book, *Revitalizing America's Cities: Neighborhood Reinvestment and Displacement*, which documents quite a different story.

To begin with, they discovered that "remarkably little is known about neighborhood reinvestment and its displacement effects," as they wrote in the *Wall Street Journal* last December. "The controversy surrounding displacement of low-income households from inner-city neighborhoods is fueled not by objective, empirical evidence, but by anecdotes."

Schill and Nathan surveyed households that moved from nine neighborhoods in five cities—Boston, Cincinnati, Denver, Richmond, and Seattle—where "gentrification" was occurring. After interviews with more than 500 respondents, they concluded that "the households studied did not encounter serious hardship as a result of being forced to move."

For example, 23 percent of those who moved from the neighborhoods were "displaced"; that is, they moved because their rents increased, their houses were

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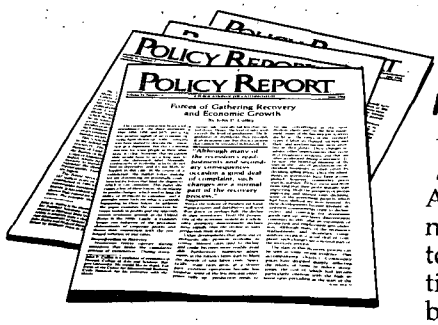

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sold, or they were evicted so that landlords could renovate. Yet contrary to myth, elderly and nonwhite residents were no more likely than others to be displaced. The rent increases paid by the 23 percent after moving were moderate compared with increased rent paid by households that moved from the same areas for reasons *other* than displacement. And 67 percent of the displaced households indicated that their current homes were better than their prior ones; only 16 percent said their new homes were worse.

Schill and Nathan do not deny that displacement does cause hardship for some people. "Overall, however, the displacement survey's results show that significant and lasting hardship is the exception rather than the rule," they wrote.

They also pointed out that reinvestment is actually a blessing for those neighborhoods where it is occurring. Typically, the housing stock there improves, crime rates diminish, and businesses begin to thrive. Moreover, the alternative is continued *disinvestment*, which ultimately forces *more* people out of their homes than gentrification does.

Schill and Nathan's conclusions are that "policies adopted by many cities to minimize displacement may be misguided. Ordinances providing for rent control or condominium moratoria, aside from distorting the housing market, may well extinguish, rather than moderate neighborhood reinvestment." They recommend a radical reduction of municipal government interference in housing markets.

There are far fewer urban neighborhoods experiencing revitalization and gentrification, as they point out, than are declining dramatically. But where revitalization is occurring, the last thing local government should do is to squelch it.

DEREGULATION PUTS RAILROADS BACK ON TRACK

Just as has happened in the trucking and airline industries, the railroads' new freedom to adapt to the market under deregulation is enabling them to revitalize themselves. Since passage of the Staggers Rail Act in 1980, which reduced much of the Interstate Commerce Commission's rate and service regulation of the railroads, the rail industry's share of the freight-hauling market has been on the rise. (Last year, for example, the rails hauled 14.2 percent of the nation's produce, while in 1979 that figure stood, after a steady decline, at 9.5 percent.)

According to *National Journal* reporter Michael Wines, the railroads' "bloated work force has been slashed by almost a third in the past three years. Excess track and equipment has been abandoned . . . in record amounts, and investment in new or modernized facilities has doubled from the past decade's levels."

By easing the rails' ability to drop unprofitable service and excess capacity, deregulation has allowed the lines to shake off much of the inefficiency fostered under 93 years of federal regulation (which was, ironically, originally designed to protect railroads from market forces). Among some of the major changes now coming over the industry are the move toward mergers—

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there are seven large railroads today, compared to 13 in 1978—and the rise of short-line haulers as the major rails cut back unprofitable short-run, rural service.

Indeed, this latter trend is developing strongly, with the American Short-Line Railroad Association now reporting 266 members, up from 215 in 1971. A short-haul line like Iowa Northern, for example, can make money by using slimmed-down, nonunion crews to run trains (carrying mostly grain) along its 127-mile route formerly serviced by the now-bankrupt Rock Island line. The experience parallels that of the regional airlines that have popped up since airline deregulation to run service where the major carriers have abandoned routes (as well as that of the small bus lines that are now picking up routes terminated by the major interstate carriers since that industry was deregulated).

While some fear that mergers will allow railroads to gain market dominance and thus charge high rates, most mergers have been between lines that meet end to end and do not overlap. Industry observers, Wines reported, "say those mergers have improved railroad efficiency by eliminating lengthy negotiations between roads over such issues as sharing of rail yards and divisions of revenues for jointly hauled freight." Moreover, the larger, merged lines can achieve economies of scale by doing more of what they do most profitably—hauling freight over long distances rather than loading and unloading cargo on short hauls, leaving those services to the short-run lines.

RECIPES FOR DEFICIT-SLASHING

As scandalously large as the federal deficit is, there are very practical ways to reduce it to a small and less unmanageable fraction of its current size. Two recent reports suggest some sensible reforms in that direction.

In January, the Heritage Foundation published a report, *Slashing the Deficit*, that describes how next year's federal deficit could be reduced by $119 billion (in contrast to President Reagan's proposed $8.4 billion). Stuart Butler, Heritage's director of domestic policy studies, pointed out that the study "examines alternative methods of delivering services now performed by the federal government" and looks at "ways of cutting spending by redefining the government role."

Basic themes of the study include shifting programs to lower levels of government, since "local politicians and residents have no incentive to economize when someone else is picking up the tab"; privatization of such programs as wastewater treatment, collection of debts owed the federal government, and the Legal Services Corporation; and restructuring of programs—for example, changing education for the handicapped to a voucher program, limiting student-loan support to truly needy students, and introducing more effective management of defense procurement.

Yet another theme of the Heritage report is user fees, and this reform is discussed more extensively in a study prepared last December by the prestigious Congressional Budget Office (CBO). Entitled *Charging for Federal Services*, the report examined the prospects for new or increased user fees in seven areas of federal service, several of which have been discussed in past Trends items in REASON.

To finance routine port construction and maintenance, for example, the CBO considered a system-wide, per-ton cargo fee levied on commercial shippers and additional fees levied on coal shippers to finance adaptation of harbors to the deep-draft needs of coal-carrying vessels. To recover $631 million spent annually on inland waterways by the US Army Corps of Engineers, the CBO outlined different methods for increasing the federal barge tax.

The Coast Guard's services for commercial mariners and recreational boaters such as search-and-rescue operations and navigational aids could be financed by assorted fees paid by the users of these services, the report noted. Similarly, some 95 percent of the Postal Service's annual tax subsidy of $760 million could be recovered by ending preferential mail rates for small-circulation newspapers and not-for-profit organizations. (Unfortunately, the report did not address the larger question of ending the Postal Service monopoly.)

The CBO predicted few *immediate* benefits by applying user-fee principles to federally provided irrigation water, because of long-term contracts between farmers and the Bureau of Reclamation. By the year 2000, however, the report stated that higher prices for water could substantially reduce federal subsidies and promote increased water conservation.

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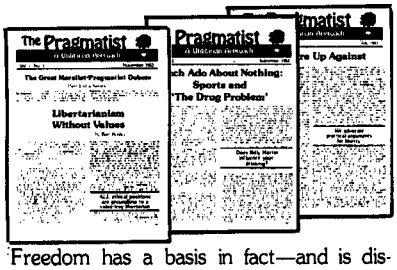

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Although the CBO scrupulously avoids making formal recommendations in its reports, it did note in this case that "in each program area, new or increased fees to users appear to offer good prospects for improved cost effectiveness in federal investment and reduced federal borrowing. Their potential benefits seem to outweigh by far their administrative costs to the government—an essential criterion of an effective financial mechanism."

Altogether, the CBO identified $6 billion in 1984 federal subsidies alone that researchers consider eventually amenable to user-fee financing. And the report indicated that this only scratches the surface.

The CBO showed some sensitivity to the problem of cross-subsidization. If user fees are not set up appropriately, one group of users ends up paying "more than its share of program costs, while another group pays fees that reflect less than its share," the report noted. While this draws the subsidy from the high-paying user instead of the general taxpayer, "such cross-subsidies raise issues of efficiency and fairness among users."

Yet in at least one instance—aviation

GLOBAL TRENDS

COUNCILS OF DESPAIR

GREAT BRITAIN—There is a fierce battle raging here over Prime Minister Margaret Thatcher's plan to phase out an entire layer of local government, the metropolitan councils. The councils were created by the Conservative Heath government in the early 1970s when "strategic planning" was in vogue. All they have done, however, is sopped up tax pounds and hired huge staffs for wishy-washy local-government purposes, while all the actual public services are provided by the local borough governments.

William Waldegrave, a junior minister at the Department of the Environment, is in charge of the campaign for abolition of the councils. "Some people have suggested that we should take a few years to conduct another review of local government," he has noted. "But we can't wait. There is a national consensus on this issue. Our duty is to protect the citizen from institutions which in some cases are out of control."

Waldegrave caustically observed that in the battle to abolish the councils he has encountered what he calls the "Royal Marine syndrome." He said, "When the services are under heavy pressure to cut costs, they answer, 'We can only do it by abolishing the Royal Marines.' . . . In the same way with councils, when they are pressed to make cuts they announce that they can only do it by eliminating Home Helps or reducing services for the elderly. They are very powerful and big animals, with very strong unions. They have a lot of imperial ambitions to defend."

The second line of attack on big government by the Thatcher administration is the "Rates Bill," which was getting its reading in Parliament in early January. Its basic idea is simply to give the central government the power to put a lid on local tax increases. The bill is an interesting little beast, and it is the result of a spat between the central government and socialist city halls that have gone mad dealing out money to all and sundry. There have been lots of rumblings in Parliament about the "autonomy of local government," etc., but in January, it looked like the bill would scrape through Parliament by Easter.

It will be fascinating to see if someone now comes up with a bill to limit the tax-raising powers of the *central* government. The question in Britain is, Who would do it? The Queen?

—EBEN WILSON

LIQUIDATING THE STATE

EUROPE—The world's biggest stock sale ever may come in October 1984, when Prime Minister Margaret Thatcher's government is expected to put 51 percent of state-owned British Telecommunications (Britain's phone company) on the market. The plan is part of the Thatcher administration's grand strategy of privatizing a large chunk of nationalized businesses, which have in recent years been especially draining of the public coffers.

Already, Britain has entirely unloaded one large state-owned firm (British Aerospace) and has hived off substantial portions of 11 other state enterprises. The Thatcher government has a hit list of about a dozen more state businesses, from steel to airways. And some British scholars have suggested that the denationalization drive ought to get even more radical, offering as targets the government's coal-mining, electricity, and postal operations.

While Britain is Europe's most visible and aggressive denationalizer, the move to sell off state enterprises is evident in other Western European nations as well, though on a much smaller scale. The Swedish government, for example, recently sold Luxor, the state TV maker, to a Finnish firm. West Germany's government has sold almost 14 percent of the energy and chemical company Veba—the country's largest industrial group—thus reducing its share of the firm to 30 percent.

Many German businessmen hope that the Veba sale, the first such transfer since 1961, is the beginning of a move to cut back the government's involvement in the hundreds of enterprises in which it has a substantial stake. One major objective announced by the government is the privatization of Salzgitter, a wholly state-owned steel and engineering concern with more than 500,000 workers.

In France, things are somewhat less encouraging. Albin Chalandon, a former minister in Giscard d'Estaing's cabinet who transformed the state-run Elf Aquitaine oil company into the country's most profitable enterprise, has been preaching denationalization of certain state industries to French business executives. Chalandon

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services—the CBO proposed reliance on a user-fee scheme that incorporates the very cross-subsidization warned against. It's proposed ten-fold increase in taxes on general-aviation jet fuel and gasoline would only compound serious inequities of existing fuel taxes. First, fuel taxes are imposed not only on the aircraft that use federal air-traffic control services but also on thousands of aircraft that do not use flight plans and use only small airports with no control towers. Moreover, fuel taxes force large planes indirectly to subsidize small planes that use large airports. An airport must provide virtually the same resources and manpower to a small corporate jet coming in for a landing as it provides to a Pan Am jet several times larger—but the small jet ultimately pays only a fraction of what the Pan Am jet does, since the smaller jet buys much less fuel.

Those problems would undoubtedly emerge in public debate. But they should not obscure the larger point: more people are recognizing the dangers of the runaway deficit, and respected institutions are proposing creative and useful ways to tighten Uncle Sam's belt.

THE ENVIRONMENT'S WORST ENEMY

A recent study by the Interior and Agriculture departments reports that the federal government pays some farmers not to grow surplus crops that the farmers couldn't grow if not for the availability of federally subsidized water. And the *Economist* noted in a December report that US federal subsidies—including crop and disaster insurance, loans, and price supports—are encouraging "sodbusters" to buy up rangeland of marginal farming quality in the arid western United States and sow wheat on it. Trouble is, the thin layer of topsoil gets blown away when it is plowed, eventually leaving behind a dusty plain.

As the above items suggest, such instances of what John Baden, head of the Bozeman, Montana-based Political Economy Research Center, calls "subsidized destruction" are becoming more widely recognized, especially by environmentalists. For example, in a recent *Los Angeles Times* op-ed piece, Defenders of Wildlife representative Aubrey Stephen Johnson decried government policies that lead to overgrazing of federal rangeland in the West. "Recent estimates of the condition of arid Western lands that are administered by the Bureau of Land Management," wrote Johnson, "say that about 81% of those lands were in fair-to-poor condition, and that the trend for 71% of those lands was static or declining."

Responsible for "the high demand for grazing on land that is so unproductive that Missouri alone produces six times as many cattle as do Arizona, New Mexico, Nevada, and Utah combined," Johnson observed, "are the low grazing fees that are charged for federal land, the high level of federal subsidies that pay for 'range improvements,' such as fencing, wells, dams, pipelines and water tanks, and the high value of ranches with large amounts of federal land." Johnson recommended that grazing leases be auctioned each year to the highest bidder—with fees also determined by the market—and that federal subsidies encouraging grazing on marginal land be ended.

Writing in the *Wall Street Journal* recently, Baden identified government intervention in resource markets as "the major cause of both environmental and economic problems that surround resource policies," noting that "development of fragile ecosystems is often a bad economic investment" and is "almost always too expensive for the private sector without subsidies." And though it is "still a minority view within the environmental community," Baden observed, "a number of prominent environmentalists have recommended substituting property rights and the market process for governmental management, especially in the area of water development and allocation."

An example of this observation occurred recently when Zach Willey, an economist for the Environmental Defense Fund (and a REASON Spotlight subject in March), wrote in the *Los Angeles Times*, "It's a paradox that in the United States, the world's leading capitalist power, one of the most critical resources—water—is distributed according to socialist precepts. It is time to abandon the socialist for a more capitalist approach."

One encouraging legislative development was Senate passage in November of a bill to prohibit federal subsidies for

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crops grown on easily erodable land. However, the bill (which still must pass the House) would apply only to future instances of sodbusting.

LETTER LIBERATION

When economist Ian Senior wrote in *Liberating the Letter*, published last year by the London-based Institute of Economic Affairs, that "the dawning electronic revolution will soon pose a major competitive challenge to both the mail and counter services of the state-owned Post Office whether its paper letter monopoly is removed or not," he could just as well have been speaking about the United States Postal Service rather than Britain's postal monopoly.

Senior notes that the state mail monopoly is no longer the only game in town—as more businesses and households get computers, electronic mail services will grow apace. Indeed, in the United States, MCI Communications started up an electronic message-delivery service last year—MCI Mail—and Federal Express will start up in June what is projected to mount to a $1.3-billion electronic document-delivery service. The Federal Express system will relay information (including, eventually, computer data and teleconferencing) via satellite, using a network of ground stations (which will eventually number 50,000). And the firm has already applied to the Federal Communications Commission to launch two of its own communications satellites for the system.

In his proposal to privatize Britain's Post Office, Senior suggests that "the time is now ripe to separate its mail and counter services and sell both to the public—perhaps offering the staff shares at a discount—as two distinct private companies." A similar idea is being given an increasingly wider hearing in the United States. Postal Rate Commission member John Crutcher has proposed that the USPS auction off its local mail-processing and -delivery operations as private franchise businesses, a notion Crutcher has aired before a Harvard University seminar and San Francisco's influential Commonwealth Club of California.

The USPS, Crutcher maintains, has a lot of inefficiency in its operations, and the evidence is abundant: While from 1971 to 1982 the US cost of living rose 152 percent, postal costs rose 188 percent, and labor accounts for 84 percent of these costs. Postal workers receive an

GLOBAL TRENDS

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warns that the economy of France, where the government's share of national investment is 55 percent, will stagnate if public-sector growth is not turned around. Though Socialist President François Mitterrand is trying to maintain austerity measures as best his ideology allows him, it is unlikely that his government will embrace Chalandon's recommendations.

Reviewing the recent book *Nationalized Companies*, by R. Joseph Monsen and Kenneth Walters, in the *Wall Street Journal*, Johns Hopkins economist Steve Hanke states that the "most striking feature of nationalized enterprises is their politicization" and that "successful managers of nationalized enterprises resemble politicians rather than businessmen." The result is that "virtually all nationalized companies generate accounting losses." The high cost of politicizing businesses is a lesson that US advocates of a "national industrial policy" ought to take seriously.

PARTY OF FREEDOM

NEW ZEALAND—In any democratic state, the odds are usually against success for a new political party. But here, the New Zealand Party—a generally pro-free-market party led by real-estate millionaire Robert Jones—may be defying the traditional odds.

When the New Zealand Party started last year, conservative Prime Minister Robert Muldoon reportedly called it a "hoax" and a "joke." He may have spoken too soon. After only two months in existence, the party could boast last November of 11 percent support in opinion polls, displacing the Social Credit Party to become the third most popular party in the country (the conservative National Party was pegged at 41 percent and the Labour Party at 38 percent). Moreover, the party's rallies were attracting huge, sometimes record-breaking crowds. A December report in the *New Zealand Herald* said the party "is more akin to a phenomenon than some flash-in-the-pan the political establishment had prophesied."

The commitment of Jones and his followers to free-market principles is not absolute, but it is a vast improvement over New Zealand's mainstream politicians. The *Herald* reports that the politics of the new party draw on both "right-wing" ideas (free-market economics, more law and order, less welfare) and "traditional liberal ideals" including small government, individual freedoms, and "more education but less defense."

A campaign speech by Jones in Ashburton was typical. The "South Pacific Poland-style command economy" must be ended, he said. "It doesn't work in Poland and it doesn't work here." Reintroduction of a private-enterprise system is what will save New Zealand's people, according to Jones. "We can make this nation a great society, not by Government schemes but by unshackling this nation and letting the people do it."

Much of the New Zealand Party's political support comes from former National Party adherents. According to the *Herald*, Jones's audiences tend to be made up largely of professional people—lawyers, doctors, accountants, academics, businessmen, and farmers. But despite (or perhaps because of) their old allegiances, they are most responsive to Jones at rallies when he criticizes the Muldoon regime as "dictatorial" and speaks about the erosion of freedoms in New Zealand.

Perhaps the biggest obstacle the New Zealand Party confronts is New Zealand's electoral system, similar to Britain's "first-past-the-post" arrangement. To win a parliamentary seat, the new party would have to capture a majority of the votes in a constituency. So to the extent that party supporters are concentrated in its best constituencies, it will probably do well—but if they are fairly evenly dispersed around the country, the party could face a debacle at the polls in November.

Jones himself is confident. "We are going to win first time up," he told a *Herald* interviewer. "I haven't got time to muck around—it has got to be quick."

average wage-and-benefits package worth about $25,000 a year, while comparable private-sector workers make about one-third less. (While federal law mandates that postal workers' wages be set at a level based on those of comparable private-sector workers, postal-worker wages are in fact set primarily on the basis of high-paid union workers.)

Crutcher suggests that privatization would save society about $6 billion a year. (To help ease the plight of USPS workers—now at 670,000—displaced by privatization, it has been recommended that present employees be offered, in some form, the opportunity to own all or part of the local franchises.)

As intriguing as Crutcher's proposal is, privatizing the postal service is unlikely any time soon. But consumer relief continues from another direction—private postal operations competing with the USPS, in addition to the electronic services mentioned above. The Salt Lake City-based React, for example, is expanding its discount-mail service outside of Utah, offering to mail customers' letters to anywhere in the country for only 15 cents. By using various USPS discounts—such as those for presorting and bulk mailing—React is able to offer the lower mailing prices and still make a profit.

And World Mail Centers, a computerized counter service that finds its customers the cheapest and quickest ways to send packages through a variety of carriers (the Post Office, United Parcel Service, Purolator, Federal Express, and so on), is rapidly growing. Currently operating offices in three California cities, WMC plans to have centers in 26 major cities by year's end, and eventual franchise operations are planned for 64 areas nationwide. An indication of WMC's viability is the movement of its stock price: when its common shares went public in September, they sold for 25 cents; three months later, shares were selling for just under $1.50.

BYPASS OPERATIONS SUCCESSFUL

In the last few months, there has been ever more progress toward a freer market in telecommunications.

On New Year's Day, long-distance telephone service in California went through substantial changes. AT&T spun off its Pacific Telephone and Telegraph subsidiary, which now offers local service in most of the state through its Pacific Bell unit. The same change occurred in other states, but California consumers also stand to benefit from accompanying deregulation of much of the market in long-distance phone service *within* the state. For the first time, customers will be able to select from several intrastate long-distance services, including MCI Communications and GTE Sprint, with lower toll charges the expected result. This brings to six the number of states with deregulated intrastate telephone markets.

The deregulation is not complete. The state's Public Utilities Commission divided the state into 10 Local Access and Transport Areas (LATAs). Pacific Bell will retain its old monopoly on long-distance calls made *within* each LATA—for example, between San Jose and San Francisco or between the metropolitan Los Angeles communities of Van Nuys and Compton. But all long-distance service *between* LATAs—for example, between San Francisco and Los Angeles—is deregulated. The inter-LATA market is worth an estimated $1.7 billion; the intra-LATA market, about $1.5 billion.

New technologies are dealing other blows to the old Bell monopolies' dominance. One potential threat is the new telecommunication systems being installed in office buildings by their landlords "to outdo the competition," according to the *Wall Street Journal.* It reports that "developers see a chance to act as telecommunications brokers: they buy the wiring, switches, and equipment, negotiate for long-distance services from AT&T and others, and sell the services to tenants."

In early 1983, there were "perhaps two" developer-owned shared telecommunications systems in the country. But by this January, 58 buildings were in the process of having such shared systems installed.

Yet another potential threat to the dominance of the monopolies is the teleport, described by *National Journal* as "a sort of electronic airport terminal through which information-hungry firms will 'book' flights of data and voice messages to places across town and around the world."

A teleport under construction in San Francisco, for example, will be able to carry 108 channels of video, data, and voice messages. In addition, it will include a network of personal computers, and it will have a field of antennae linking the system with overhead satellites. A microwave system will make the entire

JUSTICE?

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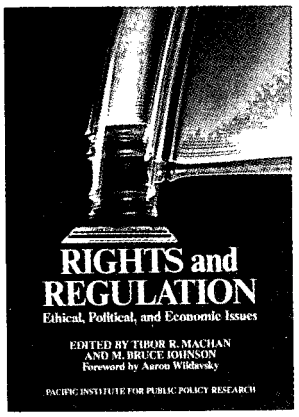
—AARON WILDAVSKY
University of California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EDITED BY TIBOR R. MACHAN AND M. BRUCE JOHNSON
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complex accessible to San Francisco's office towers, the Silicon Valley that lies south of the city, the University of California at Berkeley to the north, and Stanford University to the south. In other words, the local phone monopoly will be bypassed.

Teleport expert Joseph S. Kraemer of Touche Ross & Co. told REASON that besides the San Francisco teleport, financing or construction is already under way for four others (in New York, Chicago, Columbus, and Houston), and up to a dozen more in other cities are being considered.

"We've all lived with the restrictions of the monopoly," Ohio computer-firm executive George Minot told the *National Journal*. "We've had all these artificial barriers set up. With a teleport, we get around all of them."

The *Journal* pointed out that teleports are only one example of privately built communications networks to circumvent the local monopolies. For instance, Icom and Federal Express now have the authority to build microwave networks in 30 cities that will offer local and long-distance voice and data communications. And MCI and US Telephone are developing the technology to route toll calls to homes and businesses through cable-TV systems. Warner-Amex Cable intends to link four of its two-way cable systems by satellite, so that corporate customers can route data, video, and voice messages locally and nationally without using monopoly wires.

Indeed, future cable systems will be fully capable of competing with the local phone monopoly in offering both voice and data service. At December's Western Cable Show in Anaheim, California, Canadian cable consultant Israel Switzer pointed out that the cable system of the 1990s "will be switched, all digital, and all fiber optic." What that means is that it will have the ability to link up pairs of individual subscribers just like the phone company does. Already, MCI is offering local telephone service to businesses in Orange County, California, using the lines of a local cable company. And other cable systems with this capability are under development.

Unfortunately, while the cable companies seek to invade the phone monopolies' turf, they're adamantly opposed to having the phone companies return the compliment. Cable deregulation that is pending in Congress—with cable industry support—would prohibit phone companies from going into the cable business (although the Federal Communications Commission has always allowed them to do so, provided they operated as common carriers, subject to public-utility regulation). And the California Cable Television Association is lobbying against Pacific Telephone's bid to build a $17-million, 112-channel cable-TV system for Palo Alto, California. Thus the outlook for *truly* competitive local telecommunications remains clouded.

COURT LIFTS MALL-SQUALL PALL

Does a privately owned shopping mall have the right to bar groups from conducting political activity on its premises such as soliciting signatures on petitions, passing out leaflets, and demonstrating? If the mall is in Connecticut, its right to determine the use of its property is now respected, thanks to a recent ruling by that state's supreme court. In the case of NOW v. *Westfarms Mall*, the Connecticut Supreme Court ruled in January that the state constitution's free-speech provisions don't require one of the largest shopping malls in the state to allow NOW to solicit signatures in the mall.

This is a significant ruling on a property-rights issue that has been fiercely debated in state courts around the country. The reason for the brouhaha is that in 1980 the US Supreme Court ruled in *Pruneyard Shopping Center* v. *Robins* that the First Amendment to the *federal* Constitution does not require shopping centers to permit political activity—but the Court held that *state* constitutions' free-speech provisions might possibly require it. It left it up to state courts to decide whether to interpret their own constitutions in a way that would abridge the property rights of the owners of shopping centers and malls.

Before the *Westfarms Mall* case in Connecticut, four state supreme courts had issued decisions in such cases. Only one (North Carolina) had upheld the shopping mall owner's property rights, while three (California, Massachusetts, and Washington) had ruled against those rights. Moreover, a lower court in New York State had issued an anti-property-rights decision in a shopping-mall case, and New Jersey and Pennsylvania's highest courts have ruled against property rights in very similar cases involving private universities.

Against this background, the Connecticut decision presents a sharp contrast. It is interesting that the decision came after the state's residents had had an opportunity to see what can happen when property rights are abridged. Last May, Westfarms Mall's owners were unable to prevent a Ku Klux Klan demonstration at the mall, leading to a disturbance in which anti-Klan activists tangled with the police and several stores in the mall closed for a day. Although judges are purportedly not swayed by such occurrences, an attorney in the New York shopping-mall case who has been close to the Connecticut litigation told REASON that this incident probably had a big effect on the Connecticut court's decision.

It is too early to tell whether *Westfarms Mall* signals a change in direction for state courts hearing such cases. (The New York case, *SHAD Alliance* v. *Smith Haven Mall*, seems headed to that state's highest court.) But perhaps property rights will prevail; or, as Connecticut goes, so will go the nation.

MILESTONES

• *Rent control on trial.* The owner of a San Francisco apartment building has filed suit against the city, claiming that its 1979 rent-control law violates federal antitrust laws that bar price fixing. The suit relies substantially on the US Supreme Court's 1982 *Boulder* decision, which ruled that cities do not have blanket immunity from the federal antitrust laws.

• *Energy-policy volte-face?* The Federal Energy Regulatory Commission approved in January an experiment allowing six southwestern electric utilities to trade bulk power and to set wholesale rates for electricity within broad FERC-established limits. (Federal regulators currently set wholesale rates.) If the experiment results in a trend toward lower wholesale rates and more-efficient generation and distribution, this form of deregulation could be made permanent.

• *Smut bill vetoed.* Minneapolis mayor Donald Fraser, a liberal Democrat, vetoed an ordinance amendment that would have defined illegal pornography as a form of sexual discrimination against women.

• *Support for gas decontrol.* A recent poll of business leaders, conducted by *Nation's Business*, found 80 percent of its respondents in favor of ending federal price controls on natural gas.

—ROBERT W. POOLE, JR., PAUL GORDON, AND ERIC MARTI

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Her husband had passed away without leaving a will and with virtually no life insurance. What he did leave was a mountain of unpaid bills, a huge mortgage payment, car payment, and a flock of loans to pay back from a small business that failed.

For awhile it looked like her only option was to sell the house and car and declare bankruptcy. Fortunately, she didn't have to do any of that. Instead she contacted us and we did the rest.

Very simply, what we did for her as well as thousands of others is to put together valuable information, detailing principles that can and will make you money—big money. You'll learn that it's not how much time you put into something, but how you use the time. Most millionaires work far less than the average person, yet they get a lot more out of the time they put into it.

One thing we want to emphasize—this will not be material put together by a bunch of amateurs or worse yet, 'bookworms' who know what should work, but have never done it. Instead it's put together by a staff that has started with nothing and have ended up as millionaires.

They'll be giving you the type of tips and insight into things that only experience can give. They'll tell you step-by-step how they regularly made hundreds of thousands of dollars.

I imagine by now you're worried that a program like this will cost you a small fortune. And it would at most places. You could end up paying thousands getting the same type of advice at private consultations with financial experts or hundreds going to seminars.

Quite frankly, our team of experts could make far more money doing business in this way but they've reached the point where money is no longer a goal.

We've tried it that way and it turned out that we were only helping the rich get richer so now we're trying this technique of spreading our knowledge to the average person at a price they can afford—a mere $10. We guarantee that you'll think it's worth every penny.

In fact, we're so sure of it that we're willing to guarantee you'll be pleased or we'll give you your money back if you let us know within 30 days—no questions asked.

That gives you almost a month to leisurely sit back and look over the material. We're confident you'll find it the most valuable information you've ever seen.

If you feel it can't help you send the material back and we'll return your check or money-order—uncashed.

Still skeptical? We can't say we blame you. There are enough rip-off artists out to cheat you. That's why we invite you to postdate your check a month from when you send it to safeguard yourself.

One thing that I'm sure is bothering you is that the only people you're hearing from about the program is us. That's why we've decided it's important to share with you some of the letters we've received from satisfied customers. All the following people are real but we've given you just the initials to protect the privacy of the individuals involved.

'I got the $6,000 I needed to send my daughter to college.'

"One of my biggest goals in life has always been to be able to finance my son and daughter's education. I had enough saved up to send my son, but when my daughter's turn came up I couldn't come up with the money. I was in enough debt that no one would give me a loan and things looked hopeless until I came across your ad. Like most people, I figured as long as you guaranteed satisfaction, I had nothing to lose. Instead, I gained plenty. Within a few months I made enough to not only fund the $6,000 I needed for her college, but also was able to pay off my car, house, and get back on me feet. Thanks.

J.W.
Atlanta, GA

'I made a fortune on the stock market with the money I made from your program.'

"I've always been a person who loves the excitement of the stock market. To me there's nothing like the feeling of taking a risk. Recently, I got a tip of a surefire stock that would make me big money. Unfortunately, I didn't have any money to invest—that is until I sent away for your material. In the first week I made $4,000 and invested it all in the stock. Since then I've made an unbelievable financial killing on it and with the money I'm making due to your program, I've got all the cash I need to keep playing the odds. Thanks.

P.M.
New York, NY

We also thought you'd be interested in comments made by some of the national publications that have looked carefully at our program.

THE SCENE

"When we first saw this ad in print, we sent reporters out with the express purpose of doing a 60-Minutes type expose on how it's cheating the public. Instead, to our amazement, we found it's a program that actually does what it promises to—it helps people make money. Several people on our staff have tried it and all have profited from it. If more people took the time to learn what they're teaching, there would be far less poverty in the world today."

UNIQUE PUBLICATIONS

"We have to admit we were skeptical when we looked at this program, but to our surprise we found it to be a concise and easy to understand program on how to make money. We've investigated more than our share of rip-off schemes, and we can assure you this is not one of them. We've seen amazing results and if the financial experts involved in the program keep on offering this kind of advice in the future, we would expect to see even more people profit from it."

We could continue on with both letters from people who have found success and publications who have found that it works, but we think we've made our point.

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The only thing we would say is that you should act quickly. To be honest, nothing lasts forever and there's no telling how much longer we'll be able to offer the program at such a low price.

By acting now, you can assure yourself of getting the best possible deal.

I'm willing to risk the time and postage necessary to get your information. I have enclosed $10 in check or money order. Please send me your package as soon as possible. I understand that I have 30 days to examine it and make my decision of whether I'm interested within that time frame.

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Fighting the Soviet Imperialists:

UNITA IN

At four o'clock in the morning on an October day last year, I boarded an unmarked 4-engine turboprop at the airport of a black-African capital. The plane was to take me on a clandestine flight into the heart of rebel-held territory in Angola to meet the legendary guerrilla chieftain Jonas Savimbi and get an in-depth look at his UNITA forces, which have been fighting Angola's rulers—first the Portuguese colonizers, now the Soviet-backed Marxist regime—since 1966. It was the beginning of a new leg of my multicontinent investigation of Third World anti-Soviet insurgents.

I had just come from some weeks with the Mujaheddin in Afghanistan, with whom everything is informal and spontaneous; so I was not ready for it when a UNITA man insisted, before we could take off for Angola, that I fill out an immigration form asking, among many other things, my mother's maiden name—*in triplicate.* "What have I got on my hands here?" I muttered to myself as I filled out the form. "Gilbert and Sullivan guerrillas?" In the ensuing month I would find myself repeatedly asking that same question. But I was to become convinced that the story of Savimbi and UNITA is one of the most extraordinary in the history of guerrilla warfare. What is going on in Angola may have some outward trappings of comic opera in the African bush. But in their fight against Angola's ruling regime—in power since 1975—Savimbi's men are deadly serious. Very serious, and very deadly.

The flight into Angola's rebel-held territory lasted several hours. I was asked by my UNITA hosts not to disclose from where we departed—only that it was a black country, not South Africa or Namibia. As daylight spread, we traveled at normal flight altitude across thousands of square miles of eastern Angola, yet the Portuguese crew was unconcerned about attacks from government missiles or MiG jet fighters. "All this," the captain informed me, pointing through the cockpit window to the sandy-green landscape below, "is controlled by UNITA. There is simply no government presence down there." Savimbi's Kingdom.

The Portuguese, who began colonizing Africa in the 15th century, called this part of Angola "Terras do Fin do Mundo"—the Land at the End of the World. In 1976, Savimbi and a few remnants of his forces had retreated deep into this bush, defeated and broken by the regime that had been installed when the Portuguese bowed out. Now Savimbi controlled it all—and much more. Several knowledgeable people had told me that he is the most interesting man in all of Africa. I was now about to find out why.

Jonas Malheiro Savimbi was born on August 3, 1934, in the town of Munango on the Benguela Railway. A United Church missionary once described Savimbi's parents as being of "exceedingly humble, primitive, pagan background." But both were converted to Christianity, and Lote Savimbi, Jonas's father, proceeded to become the railway station master at Munango and to found Munango's first Protestant church. This upset the local Catholic priests, who got Lote transferred to another station, where he proceeded to found another Protestant church. This pattern was repeated several times along the railway from Munango to Benguela.

Lote Savimbi's life-long independence and resistance to repressive authority, the guerrilla leader would later tell me, was a lesson young Jonas learned well. Lote also gave his son an impassioned nationalism. For Lote, the great symbol of freedom in the world was America. "My father always thought that black Americans would some day come and help free our country from Portuguese colonialism," Savimbi told me during one of our talks. "And I have not lost hope that they may some day play a role in freeing us from that of the Soviets."

In 1958, the United Church sent Savimbi to study medicine in Lisbon, where the Portuguese secret police tried to get him to inform on fellow Angolan students who opposed Portuguese rule in Angola. Savimbi refused and fled to Switzerland. By this time, 1961, two Angolan liberation movements had formed—Agostinho Neto's MPLA (Movimento Popular de Libertoção de Angola) and Holden Roberto's UPA, later FNLA (Frente Nacional de Libertação de Angola).

On his own, Savimbi went to a seminar on African liberation movements in Kampala, Uganda, where he met Tom Mboya, Kenya's foreign minister. Mboya introduced Savimbi to Kenyan president Jomo Kenyatta, who advised him to give up medicine: "It is better for you to help free your people and have doctors in a free Angola, than for you to be a doctor in a colonial Angola." But Kenyatta advised him against joining the MPLA. "They are communists," Kenyatta warned him, "and have been supported by the Soviets since 1957."

On a Swiss-government scholarship for political refugees, Savimbi returned to Switzerland and changed from medicine to political science at the University of Lausanne. Flitting back and forth between Africa and Lausanne, to the eternal confusion of his professors, he obtained his doctorate in July 1965. (His dissertation topic was the implications of Yalta on the Third World.)

In the meantime, armed with an introduction from Kenya's Mboya, Savimbi teamed up with Holden Roberto's liberation movement. But Savimbi says he soon became disillusioned. He explains that Roberto was French-educated in what was then the Belgian Congo (now Zaire) and "didn't understand the Portuguese mentality" or how to fight it. He couldn't expand his power base beyond his own Bakongo tribe, nor would he himself go inside Angola to fight, preferring to remain safe in Zaire's capital,

PHOTOGRAPHS BY JACK WHEELER

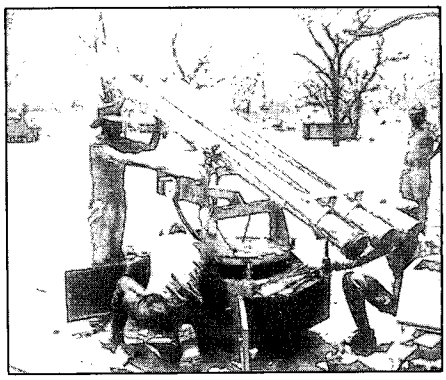
Kinshasa. And Savimbi noticed that Roberto didn't trust those around him who had an education, as they might become rivals to his power.

So in 1964, Savimbi left Roberto's FNLA, determined to fight the Portuguese inside Angola with his own movement. Seeking support, he approached Kwame Nkrumah in Ghana, who turned him down. He saw Julius Nyerere in Tanzania, who said no. (That year he also met Che Guevara, whom he personally liked but didn't think was very bright.) Egyptian president Gamal Abdel Nasser said no, as well, but had Savimbi taken to Moscow to petition the Soviets for aid. It was an educational experience. "The Russians were very insulting to me," he recalls. "They demanded I work with the MPLA. Worst of all, they were genuine racists. You could see it in their eyes."

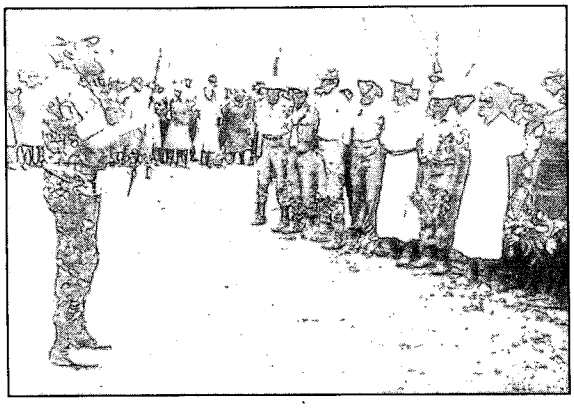
Finally, early in 1965, Savimbi met Hua Hua, China's ambassador to Egypt, who invited him to Peking. There, the Chinese listened to him—and told him that he had good ideas but would fail without proper training. They gave him $15,000 and told him to come back with 12 recruits. He returned with the recruits at the end of 1965 for nine solid months of intense training in political-indoctrination techniques and guerrilla tactics.

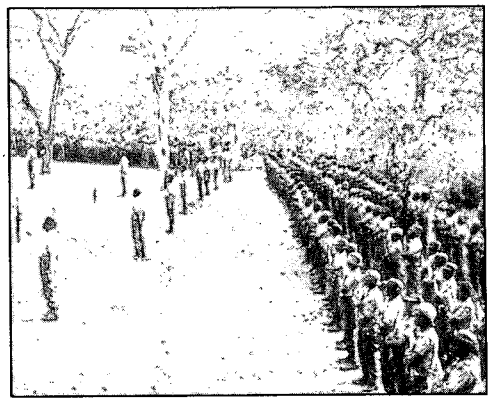
With 150 men recruited among

A Soviet-made Katusha rocket launcher, or "Stalin Organ," is among numerous arms that UNITA has captured from the enemy.



Guerrilla leader Jonas Savimbi exhorts villagers to "work together to build a free and prosperous Angola."





Guerrilla troops assemble at Jamba, where UNITA's main training camp graduates about 1,000 men every three months.

ANGOLA

"Out with the Cubans! Out with the Russians! Death to Marxism! Vive the independence of Angola!"

Savimbi's personal cheerleaders, the "Third of August Chorus," welcome visitors to "Free Angola."

A first-hand report on Angola's anti-Soviet guerrilla movement

By Jack Wheeler

Angolans who had fled to Zambia to escape a Portuguese crackdown on insurgents, and armed only with knives, Savimbi led his first attack on December 1, 1966. The Portuguese garrison at Cassamba was the target. One of Savimbi's men was killed, and they retreated. Then on December 25, Savimbi scored his first victory, overrunning a garrison at Luau. It was the first the world heard of UNITA—União Nacional Para a Independência Total de Angola, the National Union for the Total Independence of Angola.

THE NEW ANTICOLONIALISM

It is perhaps not surprising that, in the struggle to throw off Western colonialism, so many of the Third World's "national liberation movements" have embraced the anti-capitalist, anti-Western ideology of Marxist-Leninist socialism. And they often have had the backing—military, economic, and rhetorical—of the Soviet Union.

Today, however, this association is rapidly becoming a relic of the past. What is emerging might be called "the second stage" of post-World War II anticolonialism.

To investigate this new phenomenon of anti-Soviet liberation movements, I went to southwestern Asia, Africa, and Central America, going clandestinely into freedom fighters' territory. Each case was different, but I found a growing rejection of Soviet imperialism throughout the Third World.

There are wars of liberation in eight parts of the Soviet Empire right now—in Nicaragua, Angola, Ethiopia, Mozambique, Afghanistan, Laos, Cambodia, and Vietnam. The emergence of these anti-Soviet armed insurgencies points to the end of Soviet expansionism and the start of its contraction. More and more of the Third World is realizing that Soviet Marxism is a one-way ticket to oppression and poverty. The Soviet Empire may, at last, be on the verge of breaking up.

Believing that Savimbi's UNITA is the guerrilla group that now has the best chance of defeating the Soviet imperialists, I have written the first of my REASON reports on Angola.

—J. W.

Six months later, Savimbi was back in Peking, where he met Mao himself. Mao gave him $50,000 and promised a large supply of guns and ammo for UNITA, to be shipped through Tanzania and Zambia. "As a guerrilla leader and tactician, Mao was an unrivaled genius," Savimbi now observes. "But his ideas and methods on running a society and its economy should be avoided at all costs."

Savimbi remembers being in high spirits when he arrived in Zambia on July 7, 1967. But the next day, under pressure from both Portugal and the United Kingdom, Zambian president Kenneth Kaunda had Savimbi arrested. Nasser used diplomatic pressure to get him released, after which he spent nine months in exile in Cairo. (Savimbi says that when the boatland of Chinese weapons arrived in Tanzania, Nyerere kept them for himself.)

During that sojourn in Cairo, Nasser kept pressuring him to be pro-Soviet, says Savimbi, but he rejected Nasser's urgings and in May 1968 secretly left Cairo for Switzerland. By July, with the help of Sam Nujoma of SWAPO—the South West Africa People's Organization, a guerrilla group fighting South African rule of Namibia—Savimbi had slipped back into Angola. "It was Sam Nujoma who gave me my first pistol," Savimbi was to tell me. "It's a shame he has gone over to the Soviets. I warned him, and now we must be enemies."

Savimbi never made the mistake of leaving Angola again. Soon he had a bush insurgency rivaling the Marxist MPLA and Holden Roberto's Western-backed FNLA.

Originally, all three of these movements had a tribal basis. The MPLA originated among the Kimbundu in the central-west. Its Marxist ideology made it the favorite among intellectuals in Luanda, Angola's capital; its strategy was to propagandize urban workers and civil servants, gaining power in the cities, above all Luanda. The FNLA arose among the Bakongo in the north; its strategy was to force the support of the local people through straightforward brutal terrorism, while convincing white businessmen in Luanda and Portugal that it was the only alternative to a communist takeover.

Savimbi is Ovimbundu, which is by far the largest of Angola's eight principal Bantu groups, and he began among them. (The eight major Bantu tribes are: Ovimbundu [40-45 percent of the total Angolan population of six or seven million], Bakongo, Kimbundu, Chokwe, Ovambo, Herrero, Lunda, and Ganguela. Some ethnologists distinguish Kwangali from Ganguela. There are also the non-Bantu Khoisa, or Bushmen.) Savimbi applied Mao's advice of first getting to know the peasants, the local villagers, and gain their trust. He spent months talking to villagers and tribal chiefs, acquiring their support and allegiance. "You must be very careful with the peasants," he advises. "Once you make a mistake, they take a long time to forgive you."

He also started reaching out to other tribes, appealing to a pantribal Angolan nationalism. Savimbi's right-hand man, with him since 1961, is Miguel N'zau Puna, a Bakongo from Cabinda province, an Angolan coastal enclave wedged between Zaire and the Republic of the Congo. Two other key lieutenants with him since the mid-'60s are Antonio Vakulukuta, an Ovambo, and Smart Chata, a Chokwe.

By early 1974, UNITA was the only group actively fighting the Portuguese inside Angola. Neto's MPLA had been pushed by the Portuguese army into Zambia; Roberto's FNLA, into Zaire. Then in April, a military coup in Lisbon brought to power a new regime that was willing to end the drawn-out conflict in Angola and withdraw Portugal's colonial claims there. A leftist officer, Rear Admiral António Rosa Coutinho, was appointed head of a military council to govern Angola until independence.

On January 15, 1975, the three liberation groups that had been fighting the Portuguese in Angola signed an agreement to jointly form a provisional government, with neutrally supervised general elections to be held before Independence Day, November 11, 1975. But the elections were never held. Behind the scenes, according to Savimbi, Coutinho, himself a socialist, had been engineering a takeover by the Marxist MPLA; Cubans and Soviets had begun arriving to lend it support.

President Gerald Ford, seeking to block the installation of a Marxist, Soviet-aligned regime in Angola, proposed stepping up aid to Angola's non-Marxist guerrillas. (Until the Ford administration, US involvement in Angola had been ambivalent; since the Kennedy administration, the United States had been giving limited aid, overt and covert, to both the Portuguese colonialists and black nationalists—the latter, for the most part, Holden Roberto's FNLA. Following the January 1975 agreement among the MPLA, FNLA, and UNITA to set up a transitional government, US aid to Roberto's FNLA and Savimbi's UNITA escalated, with some $32 million going to

the nationalists in 1975.)

The Senate rejected Ford's request for an additional $28 million for the anti-MPLA forces. And in January 1976, Congress passed the "Clark amendment," prohibiting any overt or covert US aid to Angolan liberation movements. Thus an unimpeded Kremlin could initiate the brilliant strategy of using Cuban surrogates to expand its colonial power.

By July, with thousands of Cuban troops and massive amounts of Soviet weaponry, the MPLA forced the FNLA back to Zaire; by August, UNITA had to retreat to Huambo, in Angola's central highlands, and the Soviet-backed MPLA was in full control of the national government. After 400 years of Portuguese colonial rule, Angola had now become a colony of the Soviet Union.

The ruling MPLA became the country's only legal political party, with Neto installed as president of a Soviet-style government. (Neto died in 1979; José Eduardo dos Santos succeeded him, still in office as of this writing.) Free elections have yet to be held in the Marxist-Leninist state.

When some 20,000 Cuban troops led by Soviet advisors attacked Savimbi in Huambo in February 1976, he had to retreat into Terras do Fin do Mundo. It was Savimbi's Long March. For four months, Savimbi and his troops were running every day, not sleeping in the same place two nights in a row. Like Mao and his men during their Long March, many of Savimbi's guerrillas had to "eat their belts." Starting with 3,000 followers, Savimbi ended up with 67. More than 800 had died, the rest splintered off or were lost. Now Savimbi began to rebuild.

A major break for Savimbi came with another development in Africa—the Shaba Offensive of March 1977. Remnants of Moise Tshombe's Katangas, in eastern Angola since the '60s, were now working for the Soviets and the MPLA. (Tshombe had led an armed secessionist movement in Zaire's Katanga province in 1962. When it failed, many of his troops—Katangas—fled across the border into the Angolan bush.) When the Katangas attacked Zaire's Shaba province, Zaire's President Mobutu figured he was next on the Kremlin's hit list. Savimbi began to receive tons of weapons from France, Saudi Arabia, Morocco, Zaire, and several other black African states, all alarmed now at Soviet designs on central Africa. From November 1979 through April 1980 China sent UNITA several hundred tons of weapons and military equipment via South Africa. And South Africa turned over to Savimbi's forces large quantities of Soviet arms captured in raids on SWAPO camps in southwestern Angola.

Meanwhile, as Soviet-style totalitarian oppression in the rest of Angola hit full stride, refugees and recruits for FALA (Armed Forces for the Liberation of Angola, the army of UNITA) began pouring into what UNITA calls "Free Angola," then limited to a stronghold in southern Cuando Cubango province. By 1981, Savimbi was strong enough to assume the offensive against the MPLA.

Today, UNITA claims that it controls over one-third of Angola as a state within a state, exercises substantial control over an additional third—together that's an area much larger than the state of Texas—and is steadily advancing into the remaining third.

No one ever forgets a welcome rally for visitors to "Free Angola." A thousand cheering tribesmen and women, all waving paper UNITA flags (the black cockerel, symbol of UNITA, greeting the rising sun) and pictures of Savimbi. Dozens of pounding drums. Trilling tin whistles. In the middle of the African bush, a rock band with three electric guitars, their chords pumped through huge amplifiers powered by portable generators. Savimbi's personal cheerleaders, a group of 30 singers called the "Third of August Chorus" (Savimbi's birthday) singing Tam-pa-du-la-chi-wa, Tam-pa-du-la-chi-wa (many thanks for coming). A battalion of soldiers at attention with G-3 carbines, smartly dressed in clean, pressed uniforms. Scores of Savimbi's bodyguards in dark blue uniforms and maroon berets watchfully patrolling the area, all sporting captured Soviet AK-47 Kalashnikov rifles. And towering above everyone, giant banners depicting MiGs and red-starred tanks bombing and shelling villages, a UNITA boot stomping Cuban soldiers into the dust, Savimbi with an AK-47 held high, and six-foot-high letters demanding in Portuguese and French: Russians and Cubans Get Out of Angola!

A convoy of trucks emerges from the bush. A flat-bed Mercedes Uni-Mog with a Soviet antiaircraft gun mounted on the bed and attendant crew. Several big Soviet URAL trucks piled high with heavily armed guerrillas and loaded down with AKs, rocket launchers, grenade launchers, recoilless rifles, bazookas, machine guns, and even a ground-to-air missile or two.

Everyone in the crowd goes berserk as a green Toyota Land Cruiser pulls into view. Out steps a very powerfully built, bearded man with long, muscled arms, ample paunch, a .357 Ruger on his hip and three gold stars on his green beret: Savimbi. He strides up to me and shakes my hand, but I cannot hear a word, because the Third of August girls have surrounded us and are yelling A-mai-a-wey-a-loy-yah (Mother, I want to go and fight) at peak output. The general is surrounded by officers sharply attired in French-Moroccan camouflage outfits, all saluting him and stomping their feet. Soon I am in the back of a URAL with 30 or so guerrillas, bound for Jamba, Savimbi's capital.

Munango, on the Benguela Railway, was captured by UNITA forces in April 1983. It was a historic moment when Savimbi returned to his birthplace.

The first thing that struck me upon entering Jamba, or any UNITA village, was its cleanliness. In startling contrast to most African villages, there are no piles of garbage, no foul odors; all foot paths and huts are swept clean; hygienic latrines are everywhere. In the dining hut, lunch is served on a table with a clean blue tablecloth, clean white china, and clean glasses. It is delicious: rice and buffalo steak with gravy, Lion beer and Fleur du Cap wine (from South Africa), Angolan coffee. In my hut, I have a foam-mattress bed with clean sheets, electric light, and washroom with a water-tank shower. This VIP visitor's treatment is not roughing it in the African bush.

The Operational Room of the UNITA general staff is set deep in a concrete bunker at Jamba. On the walls are huge maps and a board with head shots of the MPLA leaders, provincial governors, and FAPLA (MPLA's army) officers. Some have an "X" across them, signifying that they have been taken out. Present are Brig. Renato Mateus, chief of the Ops Room staff, Brig. Palanga of UNITA's Politburo, Brig. Demosthenes Chilingutila, chief of the general staff, and other officers. Col. Wamba Casitu, chief of military intelligence, gives the briefing.

According to Casitu, there are now in Angola about 1,500 Soviet advisors; 2,500 East Germans, who operate the vast network of informers and secret police; 3,500 assorted East Blockers—Polish, Czech, and Bulgarian technicians; and 40,000 Cubans (4,000-5,000 guarding oil installations in Cabinda province, with 5,000 civilian workers and 30,000 soldiers in Angola proper).

As with many claims regarding the military strength and control of Angola's warring forces, the number of Soviet, Cuban, and East Bloc personnel in Angola has not been verified by Western observers. For example, while various accounts in the Western press have given figures similar to those that UNITA reports, the US State Department puts the figures somewhat lower. According to department spokesman Robert Bruce, there are between 23,000 and 25,000 Cuban combat troops and about 5,000 civilians in Angola, and East Bloc advisors number about 2,500.

Much of the uncertainty about such information derives from the Luanda government's refusal to allow Western journalists and other visitors to observe its operations. (Moreover, there is no US embassy in Angola—since the US government does not recognize Angola's present government—so US government information about Angolan affairs tends to be somewhat limited and sketchy.) For instance, in regard to Casitu's claim that 4,000-5,000 Cubans guard oil installations in Cabinda province, I had spoken with various visitors to Angola during my sojourn in Africa who told me about Cuban troops in Cabinda, including a Brazilian businessman who had been to the oil fields and was on his way there

"ANGOLA IS THE KEY TO AFRICA"

PHOTOGRAPH BY SYGMA

Over the course of my visit with Angola's UNITA guerrilla forces last fall, I spent many hours speaking with UNITA leader Jonas Savimbi. We discussed a number of issues during those talks, and here are Savimbi's answers to some questions I asked.

Where does your money come from?

"Although aid from our Arab and Chinese friends has stopped, about six or so black-African countries help us with nonmilitary supplies like medicines. We have enough weapons, ammunition, and trucks to last us for some time, and we are continually capturing more. South Africa supplies all the generator and motor fuel we require gratis, as well as allowing us to receive supplies from other African countries through Namibia. Last year, we sold five million dollars' worth of lumber from our timber and sawmill facilities to South Africa, which enabled us to purchase clothing and food. Further, a number of European businessmen are starting to do business with us, on very good terms, as they are realizing we are going to win.

"Incidentally, I should add that there is not one single country in black Africa that is not doing business with South Africa. While many of them try to hide it, we do not; we have nothing to hide or apologize for."

With its defunct economy, where does Angola's government get money to pay the Cubans for their support of the regime? Do the Soviets foot the bill?

"No—you do. The MPLA must pay direct to Fidel Castro 100 US dollars per day per Cuban. That's clean to Castro, for the Cubans' expenses—food, shelter, etc., are extra.

"Eighty percent of the Luanda government's foreign-exchange earnings of over $1 billion a year comes from royalties from Gulf Oil, which has the principal concession in the oil fields in Angola's Cabinda province. In effect, Gulf Oil is paying hundreds of millions of dollars to Fidel Castro for Cuban mercenaries to support a Soviet communist government against anticommunist guerrillas that are fighting to establish a pro-Western, pro-free-enterprise democracy in Angola. Every time you buy gasoline for your car from a Gulf station, some of your money goes to Castro. It is, how do you say, kafkaesque."

[For the record, it is impossible to check out Savimbi's claim that Gulf directly provides the Luanda government with 80 percent of its foreign-exchange earnings—an amount that would total at least $800 million or so; for neither Gulf nor the Luanda government releases this information to the public. Western analysts estimate that 80 to 90 percent of Luanda's foreign-exchange earnings come from Cabinda oil, and Gulf's concession is estimated to be about 80 percent of the total Cabinda production. Under its concession contract, Gulf pays to the Luanda government royalties, taxes, and other fees on its share of Cabinda oil—an amount that does add up to hundreds of millions of dollars. In response to what Savimbi calls a "kafkaesque" situation, however, John Sassi, Gulf's manager of international public policy, states that "Gulf cannot withhold payments from or make payments to anyone but that government" (with whom Gulf has the concession contract). "Indeed," Sassi states, "it is beyond the Company's power or responsibilities to direct the disposition and use of any funds paid to any host government," and, "our commercial dealings with a country in no way constitute an endorsement of all the actions of that country's government."]

What are your views on socialism and capitalism?

"To begin with, Russian socialism is just the exportation of poverty. The Marxist economic model has failed everywhere it has been applied. It is important for everyone in a society to have a personal incentive, to be free to earn his own living and pay his own way, to feel he is productive and not being given something for nothing.

"The state, on the other hand, should be the referee—or like a policeman directing traffic where everyone is driving his own car. The state has to have a share in the

again. On the other hand, Gulf Oil, which holds the principal concession to the Cabinda oil fields, maintains that no Cubans guard its installations there—"the only 'protection' necessary," Gulf vice-president William Moffett recently wrote in a letter to the *Wall Street Journal*, "is provided by the Angolan police."

FAPLA, the MPLA army, stands at 80,000, according to Casitu, including regular army, special forces, security, borderguards, police, and local militias. (By contrast, the US State Department puts this figure at 130,000.) Casitu reported 3,000-5,000 SWAPO guerrillas, based in the western town of Calulo, all armed and equipped by the MPLA—even with FAPLA uniforms, so it is hard to tell them apart. There are also three battalions (about 1,000) of African National Congress (ANC) guerrillas—Soviet-aided South African urban terrorists based in Mozambique—being trained in northwest Angola. Finally, there are a few contingents of Katanga mercenaries headquartered in eastern Angola on the Benguela Railway.

The MPLA employs the Cubans to secure the big towns, such as Huambo and Luanda, Casitu explained, while FAPLA garrisons towns of lesser importance. The regime's main goal now is to protect the major economic centers. A 7:00 P.M. military curfew is in effect in all towns, including the capital. No main roads are serviceable for any appreciable distance. The Benguela Railway has been shut down completely. While FAPLA is rapidly increasing a forcible conscription, on average, Casitu reports, about 100 civilians per day and six FAPLA soldiers per week are deserting to UNITA-controlled areas.

The colonel describes how UNITA is now on the offensive, the MPLA on the defensive, a claim that coincides with recent reports by various Western journalists. Almost no FAPLA units are mobile but are garrisoned in defensive, static positions. Even the Cubans, Casitu reports, rarely go out on offensive patrols any more. The Soviets have recently been increasing war matériel. But, he continued, there doesn't seem to be any way the Soviets can overcome the problem of collapsing morale among FAPLA troops.

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large businesses like oil or diamonds so it will have the money to make loans to smaller private businesses. The state must also set the basic economic priorities. We must, for example, develop the countryside before the cities—not the other way around, which has been such a disaster in the Third World. The MPLA wants an urban proletariat and heavy industries, which are totally uncompetitive on world markets. We should have many dispersed and decentralized smaller industries, encouraging free enterprise to flourish." [*Some readers may be pleased to know that I gave Savimbi my copy of Milton and Rose Friedman's* Free to Choose.]

How would a UNITA victory change the political situation in southern Africa?

"Very dramatically. Take Namibia. We're now drifting towards a Middle East-like situation, with South Africa in the role of Israel and SWAPO analogous to the PLO. But with a UNITA victory, SWAPO would no longer have a sanctuary in Angola, nor anywhere else. They would have to abandon guerrilla war and subject themselves to a democratic process in Namibia. Thus, a solution to Namibia means a solution to Angola first. For once the Cubans and SWAPO are gone from Angola, South Africa will have no more excuses."

[*At press time, South Africa had begun to withdraw its troops from southwest Angola, where they have been fighting SWAPO guerrillas who seek to wrest control of Namibia from South Africa and have been allowed by the Angolan government to base their military operations in southwest Angola. The withdrawal of troops is seen both as the South African government's attempt to scale down a costly military effort that is losing popular support at home and as a prelude to further negotiations over Namibia.*

Namibia (South-West Africa) is a former German colony that South Africa occupied after World War I under a League of Nations mandate. The United Nations revoked that mandate in 1966, but South Africa has refused to withdraw.

In negotiations to settle the Namibian problem, South Africa has insisted that it will not withdraw and allow free elections unless the Cubans leave Angola. South Africa fears that the Cubans would engineer a takeover of an independent Namibia by the Marxist SWAPO, and it does not want a Marxist state along its borders.

Angola's MPLA government, however, insists that it will not send the Cubans home unless South Africa withdraws from Namibia, fearing that without the Cubans' military support, Angola would be at the mercy of South African forces based in Namibia. Some observers say that Angola's real fear is that without Cuban support, its regime would fall to UNITA.

The question for UNITA, on the other hand, is what would happen if South Africa, in settling the Namibian issue, withdraws its support for the guerrilla group. Given UNITA's dependence on South Africa for basic necessities like fuel and weapons, its fate without such support is uncertain. And the US government has indicated that if Angola expels the Cubans, it will recognize the MPLA government, an offer that carries the promise of foreign aid.]

"We are confident that a UNITA victory in Angola will signify the end of Soviet expansionism in Africa, initiating instead its contraction. We think, for example, that the Soviet-backed regime of Samora Machel in Mozambique would not last long and that Soviet influence in general would be greatly diminished throughout the continent.

"As for South Africa itself—we, of course, abhor apartheid. But we recognize that it is based on fear. Democracy and human rights have had a tragic and shabby history in black Africa. A democratic, pro-free-enterprise Angola will help ease that fear. We intend to extend diplomatic relations to South Africa and offer a Christian solution to its problems, criticizing it from a helpful position, not a confrontational one. Apartheid will be overcome, internally, by South Africa's younger generation—and not through a guerrilla war backed by the Russians."

Why do you think the West isn't supporting UNITA fully in its fight against Soviet imperialism?

"Why are there massive riots and demonstrations by people in Western Europe over American missiles aimed at Russia and not Russian missiles aimed at *them*? It's a disgrace. I think it must be the Third World that has to give the West the courage to oppose the Soviet Union and stand up for its ideals, not the other way around—to provide a cure for what Solzhenitsyn calls the 'Western Disease.' That is why we say, 'UNITA is the key to Angola, Angola is the key to Africa, Africa is the key to the West.' "

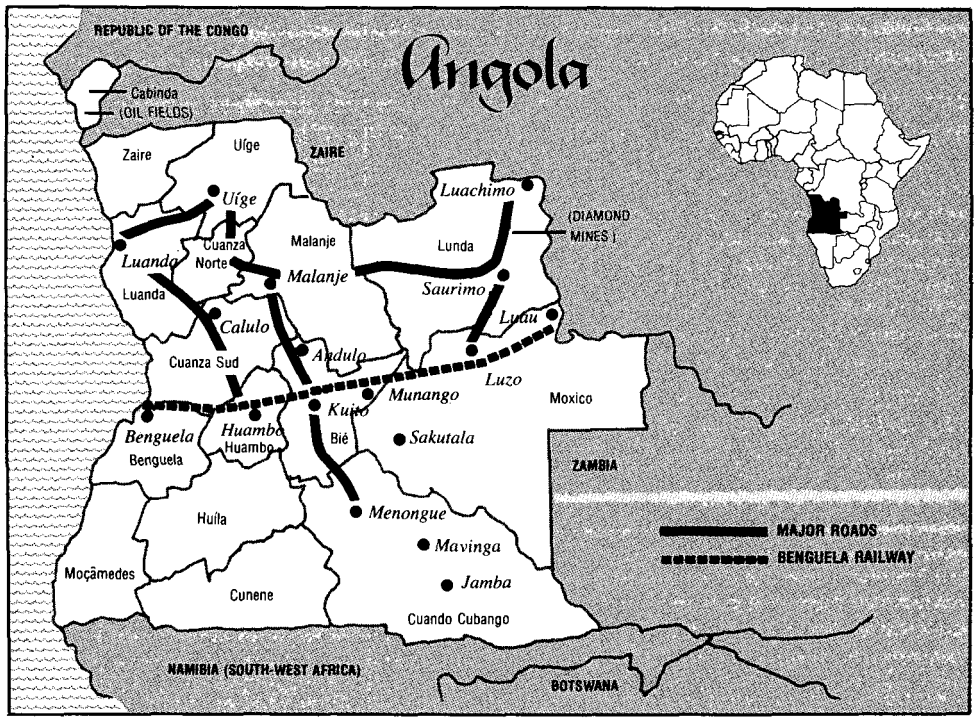
UNITA operates in 22 military regions throughout Angola, Casitu explains, with 15- to 150-man "dispersed" and "compact" guerrilla teams, 500-man semiregular battalions, plus antiaircraft, intelligence, engineering, and urban commando teams. There are now, the colonel says, about 15,000 semiregulars and 20,000 guerrillas and commandos, and recruits from all over Angola are arriving continually at the main training camp at Jamba, which graduates about 1,000 men every three months. After basic training, other camps handle logistics, communications, quartermaster, transport, commando school, intelligence, artillery, and engineering.

In the fall of 1983, UNITA claimed to control the entire region south of the Benguela Railway from the Zaire-Zambia border to the Kuito-Menongue road, an area of some 150,000 square miles. Nearly all the towns, villages, and government garrisons within this area have been captured (including, very recently, Cazombo and satellite garrisons in eastern Moxico province). Only the town of Cuito Cuanavale, in Cuando Cubango province, is still in MPLA control. But it is surrounded by UNITA forces and can only be supplied by air.

In addition, Casitu reported, UNITA exercises increasing control north of the railway between the Luzo-Saurimo and Melanje-Kuito roads. South Africa, he noted, exercises effective control of Cunene, Huila, and Moçâmedes provinces in its war against SWAPO. The winter '83-spring '84 offensive would see UNITA expanding west toward Huambo and Luanda and east toward some of the world's most productive diamond mines. Casitu said UNITA had sent an official warning to Great Britain that the British guards there would be in mortal danger if they remained. (The British government told REASON that it has had no contact with UNITA but acknowledged UNITA's public statements that foreign citizens should leave the area.)

While UNITA's claims about the size of the area it controls have often been echoed in press reports, there remain among Western observers conflicting accounts of UNITA-controlled territory. Says US State Department spokesman Bruce: "It's hard to say how much UNITA controls. When UNITA moves around they claim territory but avoid attacking government strongholds." Nonetheless, within the past year journalists witnessing UNITA tactical excursions attest to the guerrillas' increasing territorial control and ease of movement into and around areas formerly thought to have been in the Luanda government's control. And by mid-February this year there were reports that Savimbi's forces had advanced to the Zaire border in northeast Angola and were in a position to attack the diamond mines in that area.

The MPLA's air force, according to Casitu, has only 60-70 aircraft, including about a dozen MI-24 gunships that arrived last fall from the Soviets, a few MiG 17s and 21s, and AN-26 transports, all flown by Cuban or East German pilots. But UNITA has captured so many antiaircraft weapons from the enemy, reported Casitu, that the MPLA's air power is all but neutralized. Although UNITA has received outside help from several countries, such as Morocco, the Ivory Coast, Saudi Arabia, South Africa, and China, the great majority of its weapons, Casitu said, are Soviet-made, captured from the enemy.



MAP BY REASON MAGAZINE

After the briefing, a tour of Jamba is in order. Here is the administrative center of UNITA's health system. Throughout its area of control, UNITA operates five central hospitals—three south of the Benguela Railway, two north—and 211 regional hospitals and local clinics.

At Jamba there are maternity wards (two births a day average); rehab and post-operative-care wards; two wards for combat injuries; a surgical operating room with anesthesia and sterilization equipment (average three operations a day—appendectomies, hernias, war injuries, and so on); and a laboratory equipped for basic analyses.

Even though all of this is housed in a collection of thatch huts with sand floors, everything is as spotless as the hospital staff's white smocks. A team of six French doctors and nurses had been on the plane with me, and they were visibly impressed. Hélène Audrain, a nurse with Medicins Sans Frontiers, a Paris-based private medical-aid society, who has served in Uganda, Chad, Cameroun, and on the Thai-Cambodian border, had never seen anything like it. "For a guerrilla army," she remarked, "*c'est incroyable.*"

The French doctors were similarly impressed with the organizational structure of UNITA's health system. The medical staff at Jamba—there is only one M.D.; others on the staff had served in Angolan Portuguese-run hospitals—asked the right questions of the French visitors and knew just what was needed. "We could rid all of Free Angola of TB in six months if we had the supplies," commented one of the doctors, "because the system is already organized so well."

The UNITA-owned clothing factory is next. With five pattern cutters and 20 sewers operating foot-pedal-driven Singers, the plant churns out ladies' and children's dresses, shirts, pants, caps—and 1,000 uniforms a month.

UNITA's truck repair and weapon-restoration shops house a wide variety of precision lathes and large power-driven machine tools for constructing spare parts and repairing damaged equipment and weapons. Engines and motors are overhauled here, and the URAL truck engines, which don't work efficiently in hot weather, are being converted from gasoline to diesel.

Some distance from Jamba is an agricultural center—run by both UNITA and local villagers' cooperatives—with 15

hectares, irrigated courtesy of Bulgarian pipe captured at Mavinga in 1981. The last harvest yielded 55 tons of vegetables, including the most enormous cabbages—they must weigh 20-25 pounds.

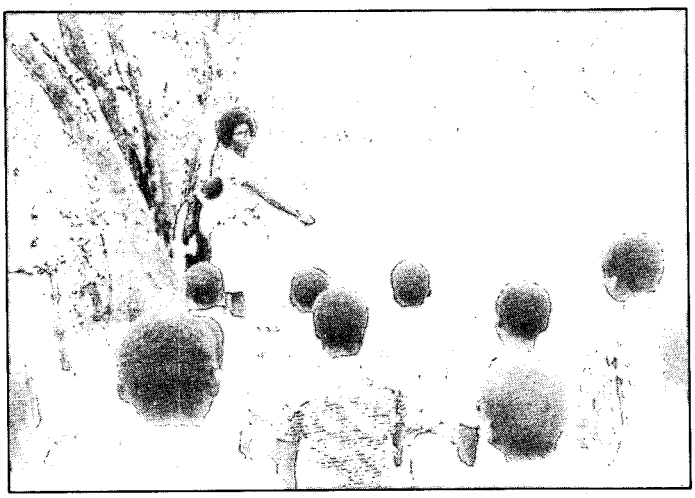
UNITA is singularly proud, however, of its educational system. UNITA reports that thousands of parents have fled MPLA-controlled areas to avoid child-hunts, which take their kids off to Cuba's "Isle of Youth" (the Isle of Pines) to turn them into obedient Castro-Marxists (similar reports come from Ethiopia, Mozambique, Namibia, Benin, Congo-Brazzaville, and São Tomé). The parents bring their children instead to UNITA schools. There is thus a primary school in every village, agricultural center, and guerrilla base in UNITA-controlled Angola, numbering close to 1,000. I would be visiting several during the next month. The curriculum includes Portuguese, spelling, reading, composition, and grammar; arithmetic and geometry; history and geography of Angola; natural science and local flora and fauna; and basic hygiene.

There are 15 secondary schools, such as the one named after Lote Savimbi some 50 kilometers from Jamba. Classes are held either open-air or in thatch huts, furnished with log benches and tables and decorated with gaily painted animal bones, colored sand, plants, and flowers. I saw classes in trigonometry, algebra, and solid geometry; physics and chemistry (the lecture I attended was on electrolysis); and—so help me—Latin! Most students were high-school age, all dressed well and attentive, but there were several mothers with babies underfoot—and even one teacher instructing at a blackboard with a baby strapped to her back.

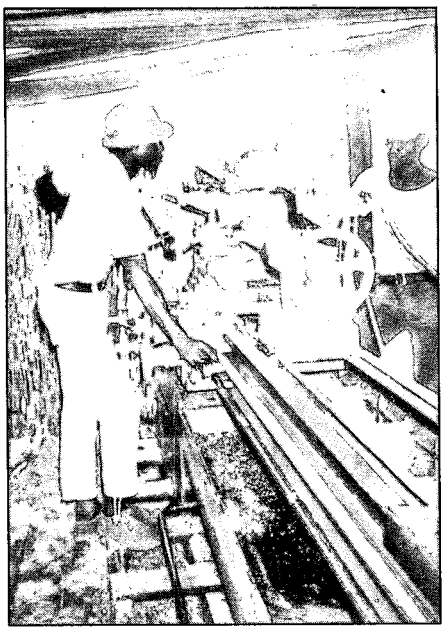
Turning the tables on the Marxists, UNITA gives a political context to its instruction. An English lesson on the blackboard: "We want our liberty and to be free of the colonialism of the Russians and Cubans." "L'histoire de l'Angola," a French lesson goes, "sera faite avec l'UNITA, et jamais contra l'UNITA" (The history of Angola will be written with UNITA, never against UNITA). And there's this Latin lesson: "De Rationibus Belli UNITAE" (The reasons for the war of UNITA)..."In hoc bello, Savimbi, dux prae clarissimus, suum populum ad victoriam diriget" (In this war, Savimbi, farseeing general, leads his people to victory)..."Omnis gentes contra russos, cubanos, atque hostes MPLAE pugnat" (All the people fight against the Russian, Cuban, and MPLA hosts).

I was to spend more than a month inside Angola, traveling with Savimbi some 2,500 kilometers through UNITA-held territory, over roads that are part of UNITA's own road network that crisscrosses many thousands of miles of its territory. We were to journey all the way up to Munango (captured in April 1983) on the Benguela Railway. Savimbi hadn't returned to his birthplace since his Long March; it was a moment of historic triumph for him and UNITA.

At almost every village or guerrilla base we pass, Savimbi stops and speaks.



A teacher with an infant slung on her back is part of an extensive educational system in UNITA-controlled territory.



In UNITA machine shops, spare parts are constructed and vehicles and weapons repaired.

He is fluent in seven languages—Portuguese, English, French, Umbundu, Chokwe, Luchesse, and Ganguela—and he is an orator of Churchillian proportions in every one. At Sakutala, for instance, he holds forth for 45 minutes in a voice that never falters, never misses a beat. In a football field-size area, several hundred guerrillas and several hundred more villagers can clearly hear Savimbi's every word.

"Why have we been fighting for all these years, first against the Portuguese; now against the Russians and the Cubans?" he asks them. "It is to be masters of ourselves—for each of us to be master of his own life, and not for me to be master of your life, not for the party to be master of your life, but for you to be master of your own life. For if each of you is free to grow your own food on your own land, to work for yourself to make a good life for yourself and your family, this is the way you will help your country—this is the way we will work together to build a free and prosperous Angola. Will you help me throw the Russians out of Angola? [A multitude of voices scream, "Yes!"] Will you help me throw the Cubans out of Angola? ["Yes!"] Are you willing to *fight* for your freedom and the freedom of your country? ["Yes!"] Then together, we will succeed."

The crowd erupts in explosive chants as hundreds of Soviet Kalashnikovs are thrust high in the air: "Out with the Cubans! Out with the Russians! Death to Marxism! Vive the independence of Angola! Vive Savimbi!"

This militaristic, revolutionary fervor runs high within UNITA. During a conversation with Savimbi, I once inquired about the possibility of a negotiated settlement rather than a military victory. "We will continue to fight until the MPLA agrees to hold free general elections," Savimbi told me. "That is what we are fighting for, as elections have never been held in the entire history of Angola.

"There is a faction in the MPLA—called the 'Catete Group'—that would like to make peace with us," he continued. "But they are afraid that if they make overtures to us, the Soviets will kill them, à la Afghanistan. So the pro-Soviet hardliners in the MPLA, such as Lúcio Lara and Paulo Jorge, have the upper hand. We also realize that the Soviets always negotiate in bad faith and never in good faith. So we must continue to fight, and

continue to win, which is what we are doing."

I think back to a conversation, three weeks earlier, with Paulo Saheque, a captured second lieutenant in the MPLA army's 39th Brigade. In March 1983, the 39th Brigade, Saheque told me, tried to surprise a UNITA encampment near Andulo, in Bié province. Finding it deserted, the 39th Brigade troops in frustration attacked the closest village they could find, setting fire to every hut and killing every living thing in the village, including chickens and dogs. Forty-eight defenseless men, women, and children, Saheque recounted, were shot in cold blood. Forty-five Cubans, led by Lt. Col. Diego Hernandez, accompanied the MPLA soldiers, and Saheque says he personally witnessed them participate in the massacre. According to the prisoner, this is standard MPLA army and Cuban procedure, as they consider virtually the entire civilian population to be helping UNITA and all young men as potential guerrillas.

To be here as an outsider witnessing a protracted guerrilla war in the African bush is to be confronted by a situation that does not easily yield to neat, Western-style evaluation. While Saheque's story translates into vivid, concrete images the brutal nature of the MPLA rulers—a regime that, Amnesty International reports, routinely detains political prisoners (often torturing them) and liberally administers the death penalty to such prisoners after only a semblance of a trial, if any—there have been occasional reports in the Western press that UNITA has committed acts that would seem to violate the rights of innocent parties.

I have spoken with some of UNITA's prisoners, and all seem relatively comfortable—unharmed and unabused. Yet it is true, for instance, that when UNITA overtakes a town, the guerrillas round up the villagers and resettle them in UNITA-controlled areas. It may well be that since such towns often become battle zones UNITA is acting responsibly by protecting lives that otherwise might perish from MPLA or UNITA bullets. Most resettled villagers that I have seen appear not to protest relocation; but I have on occasion seen some who appear confused and upset by having been moved from their home and put under the authority of a band of guerrillas.

Moreover, I am not sure what to make of various reports such as Amnesty International's claim that "UNITA representatives have on several occasions indicated that prisoners were being executed." I have not witnessed any executions. I know that UNITA does take both prisoners of war and civilian hostages (usually foreigners who have dealings with the Luanda government, though Amnesty International reports that in 1982 UNITA took hostage some unarmed Red Cross employees). The hostage-taking is a practice that Savimbi openly acknowledges and for which he makes no apologies; he claims to have issued public warnings that foreign civilians dealing with the Luanda government and its forces are subject to capture and that they are in Angola at their own risk.

Amnesty International also reports that UNITA agents explode bombs in public places (at markets, for example) in MPLA-controlled towns, including populous Luanda. When I asked Savimbi about such activities he told me that UNITA does very little of this—the MPLA often responds to such incidents with brutal reprisals against suspected UNITA abetters, he explained.

And if one were to take a survey of civil and economic freedoms in UNITA-controlled territory, the findings would be difficult to interpret. For instance, there is really no free market in this area. But one wonders how there could be: for one thing, there is no currency; for another, UNITA feels compelled to direct the allocation of villagers' farm produce to assure that all—villagers and troops alike—have enough food. But in return, in a sort of informal quid pro quo manner, UNITA provides villagers with health care, schooling, and protection. (There may be reason to wonder just how much of this feudal state would change if Savimbi were to come into power; for in a 1981 UNITA statement of its economic agenda for Angola, education and health care were said to be the "right" of all and would be provided "free" by the state. That was 1981; Savimbi's views may have changed since then.)

After a month of first-hand observation, the complexities of the situation—for example, the tribal organization of the Angolan populace (to many of whom the concept of a pantribal Angolan nation must be as foreign as this Western journalist in their midst), an illiteracy rate of some 90 percent, the legacy of 400 years of colonial rule—still defy easy analysis. Here in the African bush, nothing is clear-cut.

Back near Jamba, as I prepare to leave "Free Angola," the dust from 4,000 dancing feet is swirling into the sky above the dirt airstrip hacked out of the sandy scrub jungle. Drums are pounding, flags are waving, the crowd is singing—all egged on by the tireless Third of August cheerleaders.

These last five weeks had been a very intense experience, emotionally and physically exhausting. Almost a quarter of my time, day and night, had been spent riding in Soviet-made trucks over the most tortuous bush tracks imaginable. I was constantly frustrated by the unrelieved lack of spontaneity of my UNITA hosts: everything had to be a "program," a formal state visit. I was tired of the comic theatricality—people always saluting and stomping their feet—and of having a 17-man bodyguard carrying rocket launchers and machine guns around me every place I went. Tired, too, of the Maoist rallies and slogans, the politicization of everything.

Yet I had gotten around enough on my own to believe that the cleanliness, enthusiasm, motivation, and dedication, the roads, schools, clinics, and military prowess, are for real—not a Potemkin facade. These people are determined to be taken seriously. Sometimes they overdid it, but I cannot doubt their earnestness, their pride, their sense of mission.

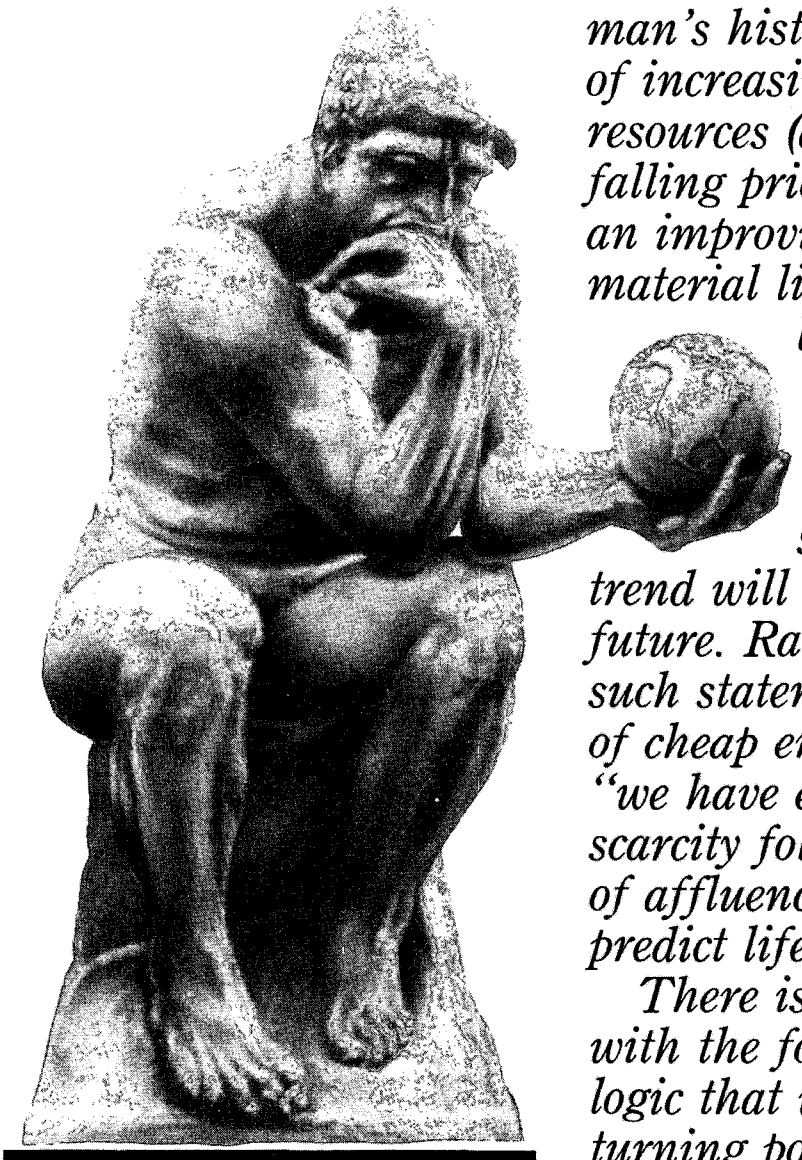
I wave goodbye to everyone and am about to step on board the plane. Savimbi puts his hand on my shoulder. "Remember, Jack, this is a high-stakes game. There is a lot of oil in Angola, plus vast mineral wealth. But above that, while we are fighting for our freedom and not yours, this is the front line in the battle between the East and the West."

Savimbi takes my hand and gives me a strong farewell embrace. I have learned that he is skilled at saying what his listeners want to hear. And I know that it is easy for him to demand and fight for free elections, because he is sure that he would win. But I also know the leftist mentality and Savimbi just doesn't seem to have it.

Savimbi is nobody's puppet. He is not South Africa's, and he will not be America's. Above all, Savimbi is an Angolan nationalist, and he will do whatever it takes to secure the freedom and prosperity of his country. But he repeatedly states his conviction that individual political and economic freedom are important elements in achieving that goal.

Savimbi may very well become the most dynamic and outstanding leader in Africa, if not the entire Third World. For it is possible, perhaps even likely, that he will hand the Soviets a major colonial defeat and that he will eventually be president of Angola. And once he is, the political history of Africa may embark in a different direction. ◻

Jack Wheeler has a Ph.D. in philosophy. He wrote the article "How to Dismantle the Soviet Empire" that appeared in REASON in November 1983. This article is a project of the Reason Foundation Investigative Journalism Fund.



DOES DOOM LOOM?

There's always been an abundance of resources. Is the party over?

BY JULIAN L. SIMON

Even such doomsayers as Paul Ehrlich and Garrett Hardin now agree that man's history has been one of increasing availability of resources (as measured by falling prices), together with an improving standard of material living (as measured by life expectancy and the quantity of consumer goods). But, they say, this benign trend will not continue in the future. Rather, they make such statements as "the age of cheap energy is over" and "we have entered an age of scarcity following on the age of affluence." They even predict life expectancy to fall.

There is no way to prove with the force of deductive logic that we are not *at a turning point in history now; it is indeed* possible *that, starting in our time, these very long-term trends will indeed reverse. But* is it likely *that this is so?*

The doomsayers' arguments for the turning-point hypothesis are of two kinds, empirical and deductive. The empirical argument—whether

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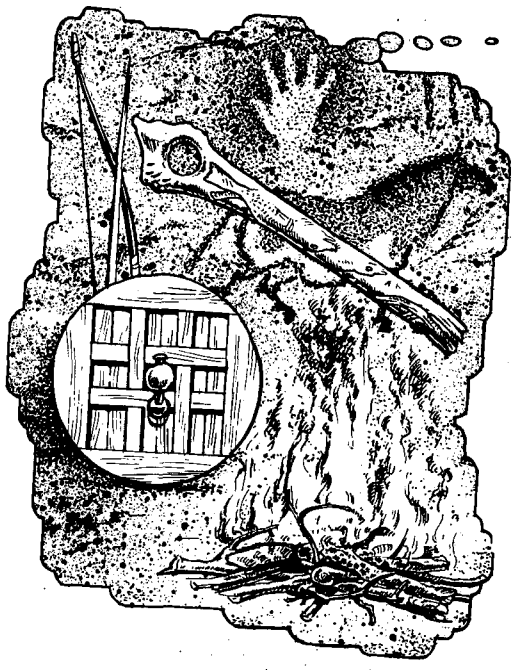


the argument was made in 1970, 1975, or now (and probably the same argument was made in 1300, 1600, and many other times)—is that *the last few years* have shown increasing prices (relative to wages) in some raw materials. But when we look at the long-term trends, we see that frequent temporary price upturns are followed by resumption of the long downward trend. These historical series indicate that reliance on just a few years' data usually leads to disastrously wrong long-run predictions.

The doomsayers' theoretical, or deductive, argument begins with the supposed "finiteness" of all resources, especially energy, and a consequent reduction in the stock of resources as some are used up. In my book *The Ultimate Resource* (Princeton, 1981), I argue at length that the underlying concept of finitude is fatally flawed as a foundation for scientific reasoning and forecast.

Rejection of the doomsayers' arguments, however, still leaves us in limbo; for although the doomsayers have no solid reason to believe that we are now at a turning point, the historical series of falling prices is not conclusive proof that these benign trends will continue. Nonetheless, experience *is* a powerful guide to the future, and this has been the main argument of those who have argued that—absent strong theoretical reasons to the contrary—things will continue to get better.

Moreover, historical experience is buttressed by the observation that people respond to newly arisen or soon-expected problems by developing solutions that leave us better off than we began. Still, many long-run trends do reverse—the number of horses in the United States, for example. So it behooves us to seek a deeper understanding.

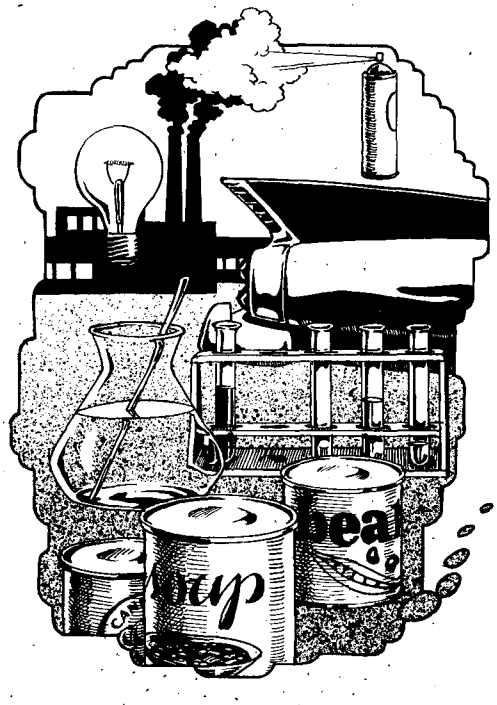
In my view, we can improve our understanding by going beyond the trends in particular resource prices and quantities per person to examine the larger trend of which these particular trends are a part. And the greatest and most important trend is the world becoming ever more livable for human beings. We see signs of this in increased life expectancies, our improved knowledge of nature, and the subduing of the elements with respect to our own safety and comfort.

But though this larger trend buttresses the particular resource trends, it still provides no *causal* explanation of the phenomenon we seek to understand. Evolutionary thinking, however, and (more specifically in economics) the sort of analysis suggested by Austrian School economist Friedrich Hayek, offers an explanation of the observed long-term trend. And that explanation in turn provides the basis for a grounded forecast of a continuation of the great long-term trend (of the world becoming ever more livable for people). Hayek suggests that, as there has been an evolutionary selection for survival among those societies that have existed in the past, mankind has evolved rules and patterns of living that are consistent with survival and growth rather than with decline and extinction.

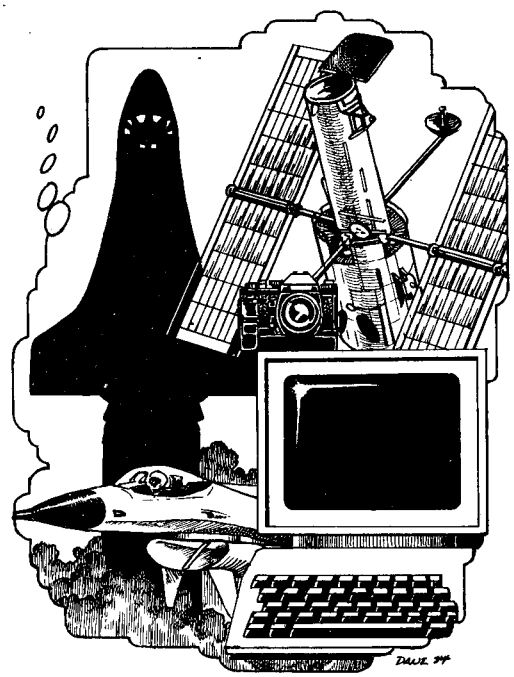
Hayek assumes that these particular rules and living patterns have had something to do with the societies' chances for survival. For example, he reasons that patterns yielding higher fertility and more healthful and productive living have led to groups' natural increase and hence survival—and therefore, where conditions are not too different from those conditions that held in the past, inherited patterns constitute a machinery for continued survival and growth.

This is consistent with a biological view of humankind as having evolved a genetic pattern that (under historical conditions) points toward survival. But Hayek presupposes no such genetic evolution, in part because its time span is so great that we cannot understand it as well as we can understand the evolution of cultural rules. It may be illuminating, however, to view mankind's biological nature as part of the long evolutionary chain dating from the simplest plants and animals, a history of increasing complexity of construction and greater capacity to deal actively with the environment.

Let us apply Hayek's general analysis to natural resources. All sorts of natural resources have been a part of man's history ever since the beginning. If humankind had not developed patterns of behavior and association that increased rather than decreased the amounts of resources available to us, we would not still be here. If, as mankind's numbers increased (or even as they remained nearly stationary), its behavior had led to diminished supplies of plants and animals, less flint for tools, and disappearing wood for fires and construction, I would not be here writing these pages, and you would not be reading them.



What then, *are* the key patterns of culture that maintained and increased human life? It is interesting and important that we try to learn what they are. Certainly the evolved cultural patterns include voluntary exchange among individuals, and markets that function to provide resources in increasing quantities; institutions that pass on knowledge, such as schools; libraries and legends and storytellers, all of which store knowledge; and monasteries and laboratories and research-and-development departments, which produce knowledge. Biological patterns that have evolved to aid survival include the hunger signals we get when we lack food and the attention that we focus on apparent regularities in nature when they appear before us. But ignorance of these cultural and biological patterns is not devastating for us, and such ignorance ought not be surprising, given the complexity of these patterns and the difficulty of any one person seeing much of any pattern.



The belief that our evolved history is, as I suggest, toward humans being creators rather than destroyers may be strengthened by some evidence that such evolution spontaneously occurs within most human groups, independent of one another, as a result of the conditions that humankind faces. For example, people build dwellings that shelter them from sun, rain, and snow. And the exchange mechanism evolves everywhere as a way of handling differences in people's abilities, in order to improve their capacities to construct and create new goods as well as to distribute existing goods. Chiefs of work gangs somehow assume their roles so that constructive tasks can be carried out efficiently. Communities reward creators of works in a variety of ways that they do not reward destroyers of the community works. (Warriors against other groups are not exceptions to this proposition. But perhaps it deserves mention as an exception that songs are written about such destroyers as the James Gang as well as about such creators as John Henry.) Probably everywhere mothers ooh and ah about their children's sand castles. And though I have no evidence—and feel no need to consult anthropologists on the matter—I'd bet that early tribes in dry climates gave greater honor to persons who found water than to those who polluted water sources, and greater honor to those who procured food than to those who showed considerable ability to consume food supplies.

The above illustrations are intended to show that human groups spontaneously evolve patterns of behavior—and of training people for that behavior—that, on the whole, lead people to create rather than destroy. And this supports the view that humans are, on net balance, builders rather than destroyers. The evidence is seen in the historical records and in the state of civilization and economy that our ancestors have bequeathed to us, one that contains more created works than the civilization and economy they were bequeathed.

In short, humankind has evolved into creators and problem-solvers to an extent that people's constructive behavior has outweighed their destructive behavior, as evidenced by our increasing life expectancy and richness of consumption. And in recent centuries and decades, this positive net balance has been increasing rather than decreasing.

This view of man, as (on balance) builder, conflicts with the view of man as destroyer that underlies the thought of many doomsayers. From those holding the latter view come such statements as, "The United States has 5 percent of the (world's) population, and uses 40 percent of (its) resources"—without reference to the *creation* of resources by the same US population. (Also involved here is the misleading view of resources as physical quantities, rather than as the services that humankind derives from some combination of humankind's knowledge and physical conditions. According to that superficial view, *people* are not "resourceful" and do not convert physical conditions into resources, but resources somehow are waiting for the plucking, like cherries on a tree. Many writers have commented on the fact that naturally occurring materials, such as copper and oil and land, were not resources until humans discovered their uses, found out how to extract and process them, and thereby made their services available to us. Hence resources are, in the most meaningful sense, created, and when this happens their availability increases and continues to increase as long as our knowledge of how to obtain them increases faster than our use of them, which is the history of all "natural resources.")

Humans are, on net balance, builders rather than destroyers.

If one notices only the destructive activities of humankind, without understanding that in order for us to have survived to this point, constructive behavior must have been the dominant part of our individual-cum-social nature—which is confirmed by the increasing positive net balance in our resources—then it is not surprising that one would arrive at the conclusion that resources will grow scarcer in the future.

Paradoxically, rules and customs that lead to population growth rather than to population stability or decline may be part of our inherited capacity to deal successfully with resource problems in the long run, though the added people may exacerbate the problems in the short run. Such rules and customs probably lead to long-run success of a society in two ways.

First, high fertility leads to increased chances of a group's survival, other things being equal. (This key idea comes from Hayek.) For example, though the Parsis of India have been, as individuals, very economically successful, as a people they seem doomed to the failure of disappearance in the long run, due to their marriage and fertility patterns.

Second, high fertility leads to resource problems, which then lead to solutions to the problems that usually leave humanity better off in the long run than if the problems had never arisen. In a more direct chain of events, rules and customs leading to high fertility yield an increased supply of human ingenuity, which responds productively to the increased demand for goods.

But even if one accepts that up until now humankind has evolved into a creator rather than a destroyer, it is certainly not unreasonable to wonder whether there have been changes in conditions, or "structural changes" in patterns of social behavior, that might point to a change in trend, just as structural changes might have contributed to the fate of the dinosaur and of some extinct human groups.

Humankind has evolved such that we are predisposed to deal successfully with resource scarcity.

Changes in natural conditions, such as climate, are suggested by few writers, so we can pass them by. "Internal contradictions" in societies or economies may be more relevant. This concept represents the intuitive notion that, because of our large, fast-growing population and because of the way we produce goods and organize ourselves socially, our civilization is unwieldy and hence must collapse of its own weight—by, for example, nuclear destruction, or the failure of an all-important crop.

Many who are pessimistic about the outcome of the present course of civilization suggest that pollution is an "internal contradiction" that will do us in. Some political organizations and devices have evolved to deal with the matter, and we have both public and private cleanup and collection of various kinds of garbage, as well as laws that regulate pollution behavior. But the possible changes in pollutants and the recency of the onset of regulatory activities certainly leave room to wonder whether we have yet evolved reliable ways of dealing with pollution problems.

Intergenerational relationships with respect to resources are another frequently mentioned possible "internal contradiction"—one generation is feared to be exploiting a resource, leaving too little for the next generation. But the advent of futures markets—both for buying and selling the resources themselves and for buying and selling stock in resource-supplying firms—protects against this potential danger. And we have had enough experience by now to believe that this evolved mechanism is reliable and satisfactory for the purpose.

What I am suggesting, in sum, is that humankind has evolved culturally (and perhaps also genetically) in such a manner that our patterns of behavior—social rules and customs being a crucial part of these patterns—predispose us to deal successfully with resource scarcity. That is, over the centuries, these evolved patterns have given us greater rather than less command over resources.

This view of human history is consistent with both the observed long-term trend toward greater resource availability and the positive, growing net balance between our creative and our exploitative activities. It provides a causal foundation for the observed benign resource trends and thereby buttresses the simple extrapolation of past trends that produces a forecast of increasing rather than decreasing resource availability.

The market system, of course, is part of the evolution of resource-expanding behavior. But it is not the whole of it. The story of Robinson Crusoe (which has been badly twisted by economists, who make it a story of allocation when it is really a story of ingenuity and the use of the knowledge that Crusoe brought to the island with him) also illustrates this point—that is, that we have developed a body of knowledge and a set of cultural patterns that enable us to improve our resource situation rather than make it worse, even as we use resources and even in the absence of an exchange mechanism.

Thus, as time goes on, I think we can with confidence expect to observe greater rather than less availability of resources, whether they be arable land or oil or whatever, just as we observe in this trend in the past. If I am correct, we now have systematic grounds to believe that we are not at a turning point in resource history caused by man's propensity to destroy rather than create. On the contrary, humankind is on balance a creator rather than a destroyer. ◻

Julian Simon's works include The Ultimate Resource *(1981) and* The Economics of Population Growth *(1977). He teaches at the University of Maryland and is a senior fellow in resource economics at the Heritage Foundation.*

160 Besant Road
Post Office Box 97
Ojai, CA 93023

Ventura County Assessor
800 South Victoria Avenue
Ventura, CA 93009

Dear County Assessor:

The enclosed notice from you has concerned me so that I've carried it around in alarm, showing it to various intelligent friends in the vain hope that someone might understand it and explain it to me. It's so intimidating—"IMPORTANT NOTICE," with all the boldface and italics and capitals and things. I'm especially anxious about the line that says, "If a property owner is deceased, please enter name and date of death." Now, I know I'm the taxpayer, but I thought when I died I wouldn't have to do that kind of stuff any more. Should I carry a copy of the form around with me, in case I don't have one when and where I need it?

TAKING THE TAXMAN TO TASK

By Charles R. Kelley

"IMPORTANT NOTICE"
INELIGIBILITY OF HOMEOWNER'S PROPERTY TAX EXEMPTION

COMPLETE THIS FORM *ONLY IF YOU NO LONGER QUALIFY* FOR THE HOMEOWNER'S EXEMPTION.

If you have filed for a Homeowner's Exemption on your property and the exemption is allowed, you will continue to receive the exemption as long as it is your principal place of residence and you own and occupy it at 12:01 a.m. on March 1.

If at 12:01 a.m., March 1, 1983, you DO NOT QUALIFY for this exemption, please complete this form and mail it to the County Assessor, prior to July 1, 1983.

NOTE: If a property owner is deceased please enter name and date of death below.

Your failure to notify the County Assessor *prior to December 10, 1983,* that you NO LONGER QUALIFY for the exemption will result in the cancellation of the exemption and you will be billed for *the amount of the exemption plus applicable penalties and interest.*

I NO LONGER QUALIFY FOR THE HOMEOWNER'S EXEMPTION FOR THE FOLLOWING REASON:

☐ The property was sold _____ (DATE SOLD)

☐ I still own the property but I have moved to another location _____ (DATE MOVED)

_____ (CURRENT MAILING ADDRESS)

☐ Deceased Property Owner _____ (NAME OF DECEASED) _____ (DATE OF DEATH)

If you have any questions regarding this notice or the Homeowner Exemption, please contact the COUNTY ASSESSOR'S OFFICE at 800 South Victoria Avenue, Ventura, CA 93009, or call 654-2287 or 2289.

NO FURTHER NOTICE WILL BE SENT TO REMIND YOU OF YOUR FUTURE RESPONSIBILITY

Telephone Number _____ Parcel Number _____

Owner _____ (AS IT APPEARS ON THE TAX BILL) *Signature* _____

Anyhow, the dire consequences of my possible failure to comply come through well enough. You're going to nail me if I'm not good and comply with your notice, right? And it looks like you've got me, since I can't figure out *what* I'm supposed to comply with or what you want me to do or not do.

Let me get this straight. If I *fail* to notify you that I *don't* qualify for the exemption, you're going to cancel my exemption, right? Then you're going to bill me for the amount of the exemption plus penalties and interest, right? Fine, except I *still* can't figure out what it means. Is it true, then, that if I *do* notify you that I don't qualify, then you *don't* cancel my exemption? Seems strange to me, but I never could keep up with you tax people. Anyhow, please be notified of my non-failure to fail to notify you that I don't qualify for this exemption (if I don't). And *please* don't cancel my exemption if I'm exempt, nor bill me with penalties and interest, okay?

Hey, you're my tax assessor. Don't *you* know if I'm exempt or not? I thought you were supposed to know such things. Frankly, I haven't the vaguest idea. I have drawers full of government notices and forms and threats going back for so many years I just can't keep track any more. I really haven't a clue as to what this exemption thing is about, when it happened or didn't happen, or where I might find a notice of filing or non-filing of exemption or non-exemption, as the case may be, whereof, to wit.

Another question occurs to me. If I *didn't* notify you, how would you know to cancel my exemption and fine and penalize me and things? It's all so confusing. A friend even suggested that you're really trying to find out if I live here, since maybe living in my home has something to do with this exemption, the way your form starts out. Honest, is that what you want to know? If so, it's sort of an unusual way to ask. In case that's it, why yes, Mr. County Assessor, I live here. Just like it says on your tax records. Have for years. Even at 12:01 a.m., March 1, 1983. Your form says, "If at 12:01 a.m., March 1, 1983, you **DO NOT QUALIFY** for this exemption, please complete this form...."(I wasn't supposed to set my alarm or anything, was I? I mean, that being a working day and all, I got to bed pretty early, and you *did* say I had until July 1 to mail it.)

Anyhow, I *do* live here. Wife and kids, too. Same place your tax payments get mailed from. (Sent you one at the end of March.) Same place you sent this notice to. Hey, if you thought I didn't live here any more, how come you sent the notice to me at this address? Oh, never mind.

And about your notice form—it's not too bright, really. Someone's porch light is definitely flickering. Yours? Before sending the next notice, try screwing in the bulb tighter.

Charles R. Kelley

Charles Kelley is a taxpayer.

American Capitalism at Sunset

Economists, ever since their dismal science was born, have shown a penchant for debating the fate of capitalism. In 1981, Nobel Prize winner George Stigler entered the fray with an essay called "American Capitalism at High Noon." In addition to his prodigious talents as an economist, Stigler displays a refreshing droll humor that is uncommon in our science, and in this essay he is at his wittiest.

Nevertheless, I would dissent from Stigler: I would replace *high noon* with *sunset* as the more appropriate metaphor for describing the current state of American capitalism. While impartial observers might disagree about exactly when "high noon" came to pass, it seems clear that only a most desperate barrister would attempt on a contingency-fee basis to convince a judge or jury that the sun shines on capitalism most directly in the 1980s.

It should be noted that Stigler's assessment is not grounded in any measure of the condition of capitalism as such. It is an inference drawn from the proposition that business leaders are a self-interested, intelligent, politically powerful lot who would not condone regulation that did serious violence to their welfare. Given the political potency of the business community, he argues, we must conclude that what is, is what they prefer; ergo, capitalism is at high noon.

Our elected representatives keep throwing monkey wrenches into America's engine of prosperity. An eminent economist proposes a radical fix.

By William H. Meckling

ILLUSTRATIONS BY STEVE RIEDELL

As he puts it, "The larger part of the regulations to which businessmen are subjected must be of their own contriving and acceptance. It is they who persuaded the federal and state governments to initiate the controls over financial institutions, transportation systems, communication systems, extractive industries, and so on."

And a bit later in his essay, Stigler observes, "The American business community includes vast numbers of people of high ability, with many more on the horizon because professors in leading business schools are now teaching an elite class of recent college graduates. The American business community has ample financial resources even in these days of onerous taxation. What the American business community lacks is the will to eliminate most business regulations.... I hope that you will...consider whether our ocean of regulations could possibly have been achieved under high capitalism except by the consent of the capitalists. American business likes what it is getting."

As a testimonial to the health of American capitalism, this thesis leaves me puzzled. For one thing, there is no good reason that the health of capitalism should be identified with the success of businessmen in tapping the political process. The ICC—contrived and controlled by railroad tycoons—may very well have benefitted the tycoons themselves and some of their friends. But it is a big step from there to the inference that the welfare of businessmen generally, much less the health of capitalism, was thereby improved. Indeed, there are many (myself among them) who would argue precisely the opposite, that what is good for the New York Central (or railroads in general) need not be good for capitalism.

Moreover, it is worth emphasizing in this context that the political clout of individual producer subgroups, such as the railroads, tells us nothing about the political potency or will of the business community when it comes to eliciting truly pro-capitalism legislation—that is, legislation that fosters markets and economic freedom generally rather than simply transfers wealth.

A second closely related problem I have with Stigler's thesis is the identification of the health of capitalism with regulation. Surely the health of capitalism also depends on the extent to which production is carried on in private, as distinct from government, enterprises.

Indeed, socialization and taxation are examples of a large class of government policies not generally included under the rubric of regulation, but which cannot be ignored in any realistic assessment of the health of capitalism. Two other examples are worth noting: the creation of communal property (the most extreme version of which is the current wilderness-area lunacy), and the care and feeding of labor organizations.

When it comes to evidence for his assessment of the state of American capitalism, Stigler is, with one exception, largely silent. In that exception he addresses only regulation narrowly defined, and he confines his comments to a rejection of one common measure of the level of regulation. "One can count up regulatory statutes," he admits, "but a statute and its regulations are hardly a measure of effective regulations."

It is true that the number of linear feet of law-library shelf space devoted to regulatory statutes, the number of pages in the *Federal Register* annually, the number of regulatory agencies and their employees, aggregate expenditures by regulatory agencies, and the like are not by themselves evidence of effective regulations. However, only someone who held unshakeable beliefs against the existence of regulatory growth would refuse to revise his views after he was told that all of these measures were growing at an increasing rate.

In fact, such measures are not the only evidence—and not even the most compelling evidence—for assessing the state of capitalism. A more reliable measure of capitalism's role in society is the fraction of output attributable to capitalist organizations, or its complement, the fraction of output accounted for by government expenditures. By that measure, the descent of capitalism from its zenith began long ago almost everywhere in the Western world.

Other indicators that lead to the same conclusion are the fraction of wealth owned by governments, and the extent to which private industry is being nationalized. Expropriation of the world's oil resources and massive nationalizations of industry are examples. In the United States in recent years, the prime example is land. And if we take into consideration the Soviet bloc, China, and similar polities, we would certainly want to revise our impression of what nightfall is like and our estimate of how large a fraction of the planet is in darkness.

It might be argued that the fraction of GNP accounted for by government is surely not a satisfactory measure of the health of capitalism. That is true, just as temperature alone is not a satisfactory measure of the state of the human body. There is no single satisfactory measure of the health of capitalism. Any defensible diagnosis will be a blend of measures.

Economic growth rates, for example, also reveal something about the patient's condition. If we ask what has been happening to the more important growth rates, however, the news is not encouraging. The growth of productivity and disposable income in the United States, for example, have been substantially below historical norms for a decade or more, and that pattern predominates throughout most of the Western world.

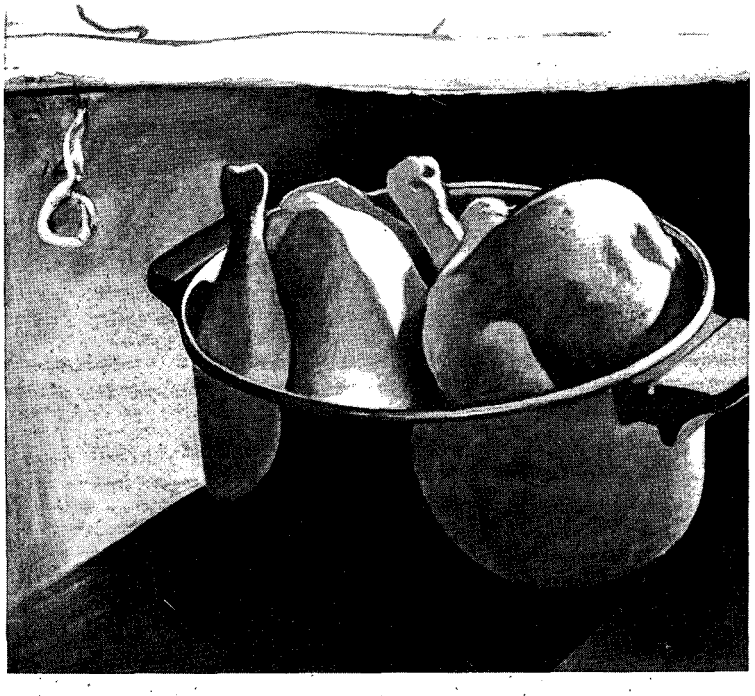
The most telling evidence against Stigler's assessment, however, is the performance of stock markets, because this tells us how capitalists have fared over the last two decades. The magnitude of the calamity that has taken place in equity markets since the mid-1960s is one of the best kept economic secrets of all time. The *real* (after-inflation) value of the Dow Jones stocks fell by 62 percent over the 18-year period from December 1964 to the end of 1982. The real rate of return on all common stocks on the NYSE in the 40-year period from 1926 to 1965 was about 8.6 percent per year. If stocks included in the Dow Jones Index had risen in price in the 1965-1982 period to provide that same 8.6 percent inflation-adjusted rate of return, the index would have had to be about 5,600 on January 1, 1983, instead of 1,047 as it actually was.

Incidentally, these results are not very sensitive to the choice of time-period nor to the selection of stocks included in the sample, so long as randomness and sample size meet statistical standards. The market was not particularly high on December 31, 1964, nor particularly low on December 31, 1982. Moreover, there were no catastrophes, wars, or other cataclysms to account for such a dismal performance. Nor is the experience of the stock market in the United States a special case. Equities have performed badly in most of the Western world over this same period.

When the dismal performance of shares is considered along with burgeoning government expenditures, deceleration of economic growth, creeping socialization of private industry, the communalization of land and other natural resources, and the general proliferation of restrictions on freedom of exchange and freedom of contract—and when we recognize the extent to which these phenomena pervade the world—it is hard to understand how anyone can seriously argue that capitalism is at high noon.

Stigler is interested in where American capitalism currently stands, of course, not for its own sake but for the implications his assessment has for the *future* of American capitalism. As he puts it, "The fundamental question, remains, Where is the American economy headed?" His answer is characteristically direct: "There is no sound evidence that high noon is rapidly passing for semiprivate enterprise."

Thus Stigler concludes not only that American capitalism is flourishing, but that we can expect it to continue to bloom generously into the foreseeable future. If we place any confidence in the stability of trends, however, the measures of the health of capitalism discussed above offer no support for such a rosy forecast. Quite the contrary.



The growth of government and the concomitant decline in the importance of markets has been going on for many years. While the rate of growth of government ownership and regulation fluctuates through time, the outcome is never in doubt.

A realistic appraisal of current domestic trends, coupled with the overwhelming historical and present dominance of authoritarian governments around the world, suggests that the long-run equilibrium level of government is much more like what exists in the USSR, China, Yugoslavia, etc., than it is like what we have even now in the United States. Freedom on the scale we have experienced it here appears to be a disequilibrium phenomenon, and the erosion of freedom that is gradually undermining capitalism reflects the drift towards long-run equilibrium. In the end, political democracy—which, incidentally, is *not* the same as freedom—is also likely to be a casualty of the process.

I do not enjoy delivering this doleful message. While the practice of chopping off the heads of messengers bearing bad news has been abandoned, experience has taught me that society has not yet moved to the other extreme: it does not receive such messengers with open arms, either. At best, they are likely to be dismissed as prophets of gloom and doom—as some of those prognosticators who have suddenly made the momentous discovery that scarcity exists, and then stir up crises ad nauseum with dire perspectives on various resource-utilization issues such as energy, food, land, air, and water.

Despite my concerns about the fate of the messenger, I am delivering the message because I believe it is the most important social problem of our day; in a real sense, it is the only game in town. Nothing is more important to human welfare than what happens to capitalism, and not simply because of the material benefits which capitalism bestows. What is at stake are institutions we value much more dearly, namely, human freedom and political democracy.

Before we can hope to arrest the decline of capitalism, we have to understand why the decline is taking place. The explanation lies in the realm of political science. Capitalism is being eroded by government, which in the Western world means political democracy. Understanding what is happening in the Western world means devising a theory of democratic political processes which explains why we get the kind of government we get.

Those of us fortunate enough to have been born in the United States have learned from earliest childhood to revere political democracy. The emotion inspired by the story of our founding is enough to induce most of us to place great value on democracy as a social institution. The preeminence of the United States, until very recently, in permitting economic progress for its inhabitants gave us little reason to question either the viability or the efficacy of our political institutions.

But the truth is that most of us have been lulled into a totally uncritical attitude about our form of political democracy. One evidence of this is the corruption of the term *democracy* by some of its ostensible advocates who use it as a label for whatever cause they happen to be promoting. In the extreme, this has included labeling the most undemocratic governments one can imagine as "democratic republics." Such advocates realize that if they simply append the word *democratic* to their favorite crusade, many people will, like Pavlov's dog, react favorably.

Let's look closely at one aspect of democracy—legislatures, and particularly Congress. I would suggest that the representative nature of legislative bodies is one major source of the growth of government and the concomitant decline in capitalism.

The distinguishing feature of government, be it democratic or authoritarian, is the power to decide what the law is. The power to make laws is nothing more than the power to decide the purposes for which the police powers will be exercised. Governments provide a variety of services—defense, highways, education, etc. It is not the production of such services, however, that distinguishes government from other organizations. The one function which is uniquely reserved to government is lawmaking.

Statutes are enacted by duly elected legislative assemblies ranging from Congress to town councils; common law evolves out of judicial processes; administrative law is laid down by regulatory commissions and various executive offices. Our focus is on the first of these, statutory law and the legislative assemblies which create that law.

Once any organization is assigned the right to determine for whom the police powers will be available, the door is opened to supplicants who want to have those powers used on their behalf. *Whenever anyone, or any group such as a legislature, is granted the right to make law, the potential for selling the use of the police powers is an automatic consequence.* Even if the lawmakers were somehow forbidden to invoke the police powers on their own behalf, they would naturally be inundated by offers from others eager to have the police powers invoked on *their* behalf.

The right to direct the use of police powers—the right to

make laws—is an extremely valuable chattel. That fact was not lost on the architects of political democracy in the United States. They displayed remarkable ingenuity in devising a governmental structure calculated to prevent the development of a market in which those who had legislative power could sell the use of the police powers to interested parties.

For example, the Founding Fathers created a bicameral legislature so that statutes had to be approved by two assemblies, and the path to approval was further impeded by having the two assemblies selected by different constituencies.

They lodged legislative veto power in the executive. They fostered interstate competition by limiting the role of the federal government and assigning residual powers to the states.

And they created a constitutional government. Explicit limits on legislatures and the executive were codified in a written document, and a Supreme Court was established to ensure adherence to its provisions.

What is most distressing about the performance of our democracy is the ultimate failure of this sophisticated system. Any realistic appraisal of what legislators spend their time doing today can arrive at only one conclusion. Legislatures—Congress is the prime example—are not engaged in the enactment of statutes for the general welfare, that is, which foster an increase in the size of the economic pie. Instead, the predominant focus of their activities is on exercising the police powers to take from some groups and bestow goodies on other groups, generally reducing the size of the pie in the process.

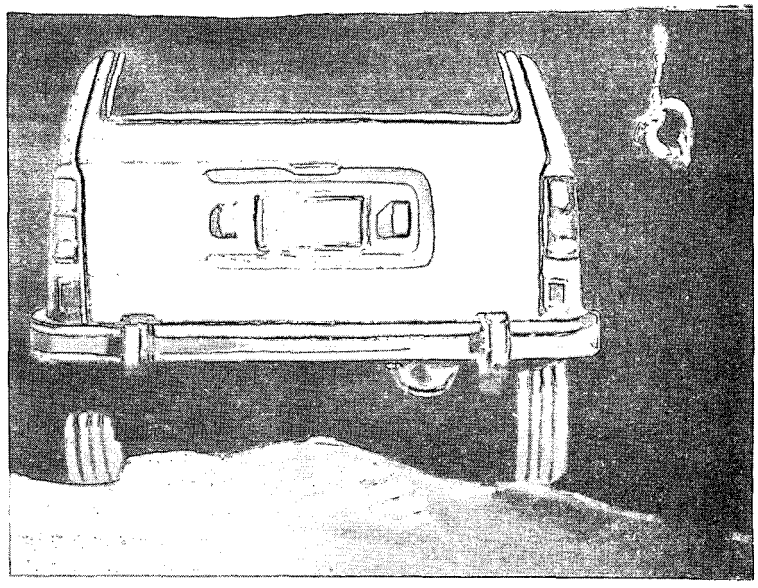
Congress has become an association of hucksters who employ a simple marketing strategy.

The propensity for governments to move in this direction was recognized early on by Thomas Jefferson, who wrote in a letter to Edward Carrington: "The natural progress of things is for liberty to yield and government to gain ground. . . . One of the most profound preferences in human nature is for satisfying one's needs and desires with the least possible exertion; for appropriating wealth produced by the labor of others, rather than producing it by one's own labor. . . .

"The stronger and more centralized the government, . . . the weaker the producer, the less consideration need be given him and the more might be taken away from him."

As prescient as Jefferson and his colleagues were, it's unlikely they could have predicted that Congress would eventually carve out for itself the role of a "super-court." But it has. It now functions like a civil court; it dispenses "justice," but it does so without any of the discipline imposed on the judiciary. It is not constrained in its decisions by any commitment to precedent; nor is its purview restricted by procedural canons limiting the rights of parties to bring actions before it. Meanwhile, its verdicts transcend all other law, including the Constitution itself.

The accumulation of power in Congress has not been limited to the legislative domain. Since World War II Congress has systematically and dramatically arrogated to itself an extensive array of executive and administrative powers as well, mostly at the expense of the executive. Nowhere is congressional power more obvious than in the budget process. By slicing larger and larger budgets more and more thinly, Congress controls the activities of executive departments and independent agencies down to minute details.



The power that Congress now has to require that the President spend money that it appropriates is a prime example of congressional imperialism. Congress has used the Vietnam war to adorn itself with new authority in the foreign policy and defense arenas. The President of the United States may be the commander-in-chief of the armed services, but he would be hard pressed to commit US armed forces on any but the most modest scale without the blessings of Congress.

Congress has learned to flex its legislative muscles, especially its budget authority, to control directly actions by the executive departments and independent agencies, such as the Federal Communications Commission. And "control" in this context means not only influencing policy, but getting favors done for individual constituents.

It is only a modest exaggeration today to say that Congress *is* the government. That is why the congressional staff now numbers in the thousands.

How has all this come to pass? How has Congress managed not only to expropriate the emperor's robes, but also to expand enormously the wardrobe? The answer, I believe, lies in the representative nature of lawmaking. Our representatives are simply capitalizing on the opportunity they have to market the use of the police powers.

Of course, it is illegal for them to peddle those powers for cash to be deposited in their private bank accounts. Not very surprisingly, this legal constraint often alters the form that exchanges take but does not eliminate them. Obliquely selling the use of the police powers in exchange for campaign support, for example, is standard practice.

The market for use of the police powers has grown continuously since the days of the Continental Congress, partly because of spectacular reductions in two classes of associated costs. One of these is the cost of enforcing laws. The decline in enforcement costs means that congressmen can now offer a more valuable product for sale.

When we were a nation of small farms, shops, and stores, big government was simply impractical. Law enforcement costs were so large that extensive taxation, regulation, etc., were not feasible.

Imagine trying to impose an income tax at current rates on a dispersed rural population, where each household was virtually a self-contained integrated production/consumption unit which kept no written records, and the chief means of transportation was the horse. Or, imagine under the same conditions just trying to disseminate—much less enforce—the regulations which now appear annually in the *Federal Register*.

The evolution of large organizations that paid employees and suppliers by check or cash and kept detailed accounting records; the development of telecommunications, of rail, motor vehicle, and air transportation systems, and more recently of computers and copiers, have all made it much easier for Big Brother to watch over us—that is, they have radically reduced the cost of enforcing laws.

Far more important than this reduction in enforcement costs, however, is the reduction that has taken place in the costs of *marketing* the police powers. One hundred years ago it was not possible for a congressman to communicate regularly with any significant fraction of his constituency, much less other constituencies. Newspapers, which were the nearest thing to mass media, were more like suburban weeklies than the metropolitan dailies we now know. It was not easy to get timely news out of Washington.

By contrast, the Washington scene now appears as a serialized soap opera entertaining millions of viewers at 6:00 P.M. every evening. An entire channel on cable television is devoted to congressional hearings and floor actions. Congress has built a television studio for its members, allegedly so they can report back to their constituents.

Improvements in telecommunications and transportation, in new printing technology and the growing concentration of the newspaper industry—all have made it much less costly for congressmen to communicate with all the folks back home. The revolution in mass media that has taken place, particularly since the advent of the radio in the 1920s, has converted Congress into an association of hucksters who employ a simple marketing strategy. First, they interpret the current state of affairs for their clientele. The interpretation always points to the existence of evil or of imminent disaster or both. In any case, congressional action is required. A prescription is offered which will remedy the problem. All of the prescriptions tend to have one thing in common. The role of government, and Congress particularly, is expanded. In their marketing endeavors, congressmen are given support and comfort by the journalism community. The latter has long understood that evil and disaster attract viewers and sell newspapers.

Both Congress and the media in presenting their stories exploit "the rationality of ignorance" on the part of the public. Like an electronic computer, the human mind has limited storage and processing capability. Moreover, the average citizen realizes that he is virtually powerless to do anything substantially to affect public policy. So if he is rational, he will resist devoting his limited storage and processing capability to learning about such issues. It pays the average citizen to be politically ignorant.

Thus, by systematically employing this marketing strategy and obviating citizen dissent, Congress has essentially taken over the federal government. And it has been assisted in this endeavor by the congruence of its interests and those of the press.

This brings us to the bottom line. The opportunity to sell the use of the police powers is a problem inherent in the structure of our political democracy. How could it be remedied? Not by electing the right people. If there is any lesson to be learned from the dismal performance of our government since the 1980 elections, it is certainly that.

How has Congress managed not only to expropriate the emperor's robes but also to expand enormously the wardrobe?

My first preference for repairing this structural defect is to get rid of representatives in the legislative process by abolishing Congress and the state legislatures.

This is an option most people would dismiss as too radical. I know. I responded the same way 30 years ago the first time I heard an eminent British jurist propose it.

But I ask you to think about the possibility seriously before you reject it. There is no reason why all statutes, including budgets, couldn't be submitted to a popular vote; that is, to a referendum.

My second choice would be something along the lines of the Swiss political system, where any law passed by the federal parliament can be brought to a referendum if a modest number of citizens so petition. Moreover, the right to tax in Switzerland is limited to the cantons.

I believe the prosperity of the Swiss is in no small measure due to these advantages they have in the structure of their democracy. They are worth emulation. ◻

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THE SELF-FULFILLING POLITY

If self-actualization is right for individuals, what is right for the state? An excerpt from a new book by the author of *The Psychology of Self-Esteem*

BY NATHANIEL BRANDEN

Individualism is at once an ethical-psychological concept and an ethical-political concept. As an ethical-psychological concept, individualism holds that a human being should think and judge independently, respecting nothing more than the sovereignty of his or her mind. As an ethical-political concept, individualism upholds the supremacy of individual rights, the principle that a human being is an end in him- or herself, and that the proper goal of life is self-realization.

There are many persons who might describe themselves as subscribing to a philosophy of individualism in the abstract, as formulated thus far. But let us think through, concretely and specifically, what this means in social-political terms—because, especially among psychologists, there seem to be a great many persons who profess individualism while in their consulting rooms, working with therapy clients, but who become supporters of statism or collectivism when their focus shifts to the political arena. But statism or collectivism is the expression of the ethics of altruism, and laissez-faire capitalism is the expression of the ethics of individualism, of rational self-interest.

The essence of the social system entailed by the ethics I explain and defend is contained in a single principle: *No person or group of persons may seek to gain values from others by the use of physical force*—in other words, the principle of voluntarism.

When human beings enter into social relationships, when they choose to deal with one another, they face a fundamental alternative: to deal by means of reason, or to deal by means of force. This alternative is inescapable: either a person seeks to gain values from others by their voluntary consent, by persuasion, by appealing to their mind, or a person seeks to gain values *without* the voluntary consent of the owner, which means by coercion or fraud. This, I submit, is the issue at the base of all social relationships and all political systems.

It is also the single most avoided issue in discussions of social philosophy. I shall be blunt here, because there is a tendency in this arena to dance around the obvious, to discuss everything but the self-evident. It is at the mind that every gun is aimed. Every use of force is the attempt to compel a person to act against his or her judgment; if the person were willing to take the action, force would not be required.

In a free society, force may be used only as retaliation and only against the person or persons who initiate its use; a distinction is made between murder and self-defense. The person who resorts to

the initiation of force seeks to gain a value by so doing; the person who retaliates in self-protection seeks not to gain a value but to *keep* a value that is already rightfully possessed.

The policy of seeking values from human beings by means of force, when practiced by an individual, is called crime. When practiced by a government, it is called statism—or totalitarianism or collectivism or communism or socialism or nazism or fascism or the welfare state. Force, governmental coercion, is the instrument by which the ethics of altruism—the belief that the individual exists to serve others—is translated into political reality.

Although this issue has not been traditionally discussed in the terms in which I am discussing it here, the moral-political concept that forbids the initiation of force, and stands as the guardian and protector of the individual's life, freedom, and property, is the concept of rights. If life on earth is the standard of value, an individual has a right to live and pursue values, as survival requires; a right to think and act on his or her judgment—the right of liberty; a right to work for the achievement of his or her values and to keep the results—the right of property; a right to live for his or her sake, to choose and work for personal goals—the right to the pursuit of happiness.

Without property rights, no other rights are possible. We must be free to use that which we have produced, or we do not possess the right to liberty. We must be free to make the products of our work serve our chosen goals, or we do not possess the right to the pursuit of happiness. And—since we are not ghosts who exist in some nonmaterial manner—we must be free to keep and consume the products of our work, or we do not possess the right to life. In a society where human beings are not free to own privately the material means of production, their position is that of slaves whose lives are at the mercy of their rulers. It is relevant here to remember the statement of Trotsky: "Who does not obey shall not eat."

In a political-economic context, freedom means one thing and one thing only: freedom from physical compulsion. There is nothing that can deprive us of our freedom except other persons—and no means by which they can do it except through the use of force. It is only by the initiation of force (or fraud, which is an indirect form of force) that our rights can be violated.

The only proper and justifiable purpose of government is to protect individual rights—to protect us from physical violence. It is the fact that our rights *can* be violated by others that necessitates the institution of government. If we are consistent in our adherence to individualism, we can see that the sole function of a government is to protect us from criminals, to protect us from foreign invaders, to provide a system of courts for the protection of property and contracts against breach or fraud—*and otherwise to leave us alone.* Voluntarism as a moral principle means libertarianism as a political principle.

In a society where our rights are protected by objective law, where the government has no other function or power, we are free to choose the work we desire to do; to trade our effort for the effort of others; to offer ideas, products, and services on a market from which force and fraud are barred; and to rise as high as our ability will take us. Among persons who do not seek the unearned, who do not long for contradictions or wish facts out of existence, who do not regard sacrifice and destruction as a valid means to gain their ends, there is no conflict of interest. Such persons deal with one another by voluntary consent to mutual benefit. They do not reach for a gun—or a legislator—to procure for them that which they cannot obtain through voluntary exchange.

We must be free to make the products of our work serve our chosen goals, or we do not possess the right to the pursuit of happiness.

This is not the place for a treatise on political economy. I will simply say that, today, the difficulty in discussing this issue lies in the fact that most people have all but lost the knowledge of what capitalism is, how it functions, and what it has achieved. The truth about its nature and history has been drowned in a wave of misrepresentations, distortions, falsifications, and almost universal ignorance. Only within the past few decades has there been the beginning of a serious movement among historians to expose and correct the gross factual errors in the literature purporting to describe nineteenth-century capitalism.

Almost everyone today takes it as axiomatic that capitalism results in the vicious exploitation of the poor; that it leads to monopoly; that it necessitates periodic economic depressions; that it starts wars; that it resisted and opposed the worker's rising standard of living; that that standard of living was the achievement, not of capitalism, but of labor unions and of humanitarian labor legislation. Not one of these claims is true, but they are among the most common bromides of our culture. People do not feel obliged to question such bromides, since they "know" in moral principle that capitalism *must* result in evils: capitalism is based on the profit motive and appeals to the individual's self-interest; that alone is sufficient to damn it.

It is a widely held belief, inherited from Marx, that government is necessarily an agent of economic interest and that political systems are to be defined in terms of whose economic interests a government serves. Thus, capitalism is commonly regarded as a system in which the government acts predominantly to serve the interests of businesspeople; socialism, as a system in which the government serves the interests of the working class. It is this concept of government that the libertarian principle rejects.

The fundamental issue is not what kind of economic controls a government enforces, nor on whose behalf; the issue is whether one is to have a controlled economy or an *un*controlled economy. Laissez-faire capitalism is *not* government control of economics for the benefit of businesspersons; it is the complete separation of state and economics. This is implicit in the nature of capitalism, but historically it was not identified in such terms nor adhered to consistently.

It was the United States of America, with its system of limited, constitutional government, that implemented the principle of capitalism—free trade on a free market—to the greatest extent. In America, during the nineteenth century, peo-

ple's productive activities were *for the most part* left free of governmental regulations, controls, and restrictions; most thinkers considered themselves thoroughly emancipated from the discredited economic policies of medievalism, mercantilism, and precapitalist statism.

And in the brief period of a century and a half, the United States created a level of freedom, of progress, of achievement, of wealth, of physical comfort—a standard of living—unmatched and unequaled by the total sum of humankind's development up to that time. With the Enlightenment, the Industrial Revolution, and the rise of capitalism, an extraordinary transformation took place in men's and women's thinking about the possibilities of life on earth, a revolution so radical that it is still far from fully understood.

With the collapse of the absolute state and the development of the free-market society, people saw the sudden release of productive energy that had previously had no outlet. They saw life made possible for countless millions who could have had no chance at survival in precapitalist economies. They saw mortality rates fall and population growth rates explode upward. They saw machines (the machines that many of them had cursed, opposed, and tried to destroy) cut their workday in half while multiplying incalculably the value and reward of their effort. They saw themselves lifted to a standard of living no feudal baron could have conceived. With the rapid development of science, technology, and industry, they saw, for the first time in history, the individual's liberated mind taking control of material existence.

To the extent that various countries adopted capitalism, the rule of brute force vanished from people's lives. Capitalism abolished slavery and serfdom in all of the civilized nations. Trade, not violence, became the ruling principle of human relationships. Intellectual freedom and economic freedom rose and flourished together. Political thinkers had discovered the concept of individual rights. Individualism was the creative power revolutionizing the world.

A system in which wealth and position were inherited or acquired by physical conquest or political favor was replaced by one in which values had to be earned by productive work. In closing the doors to force, capitalism threw them open to achievement. Rewards were tied to production, not to extortion; to ability, not to brutality; to the capacity for furthering life, not to that for inflicting death.

Much has been written about the harsh conditions of life during the early years of capitalism. Yet when one considers the level of material existence from which capitalism raised men and women and the comparatively meager amount of wealth in the world when the Industrial Revolution began, what is startling is not the slowness with which capitalism liberated people from poverty but the speed with which it did so. Once the individual was free to act, ingenuity and inventiveness proceeded to raise the standard of living to heights that a century earlier would have been judged fantastic. It would be difficult to name an event of history more impressive than this—or less appreciated.

Once the individual was free to act, ingenuity raised the standard of living to heights that a century earlier would have been judged fantastic.

Capitalism was achieving miracles before human beings' eyes. Yet, from its beginning, the majority of nineteenth-century intellectuals were vehemently antagonistic to it. Their writings were filled with denunciations of the free-market economy. Broadly speaking, the antagonism came from two camps: the medievalists and the socialists.

The medievalists found the disintegration of feudal aristocracy, the sudden appearance of fortune makers from backgrounds of poverty and obscurity, the emphasis on merit and productive ability, the concern with science and material progress, and, above all, the pursuit of profit spiritually repugnant. Many of them—such as Richard Oastler, William Wordsworth, Samuel Taylor Coleridge, Thomas Carlyle, Robert Southey, William Cobbett, Thomas Hood, and Thomas Love Peacock—unleashed scathing attacks on the factory system. They were avowed enemies of the Age of Reason. They declared individualism vulgar. They longed for a return to a status society. "Commerce or business of any kind," wrote John Ruskin, "may be the invention of the Devil."

And while the medievalists dreamed of abolishing the Industrial Revolution, the socialists wished to take it over. Both camps dismissed or gave only grudging acknowledgment to the achievements of capitalism. They preferred to eulogize the living conditions of previous ages. Friedrich Engels, along with Carlyle, regarded the domestic industry's system of the preindustrial era as the golden age of the working classes. The criticisms leveled against capitalism by both camps were remarkably similar: the "dehumanizing" effect of the factory system upon the worker, the "alienation" of man and woman from nature, the "cold impersonality" of the market, the "cruelty" of the law of supply and demand—and *the evil of the pursuit of profit.*

In the writings of both medievalists and socialists, one can observe the unmistakable longing for a society in which the individual's existence will be automatically guaranteed—that is, in which no one will have to be responsible for his or her own survival. Both camps project their ideal society as one characterized by what they call "harmony," by freedom from rapid change or challenge or the exacting demands of competition; a society in which each must do his or her prescribed part to contribute to the well-being of the whole but in which no one will face the necessity of making choices and decisions that will crucially affect his or her life and future; in which the question of what one has or has not earned, and does or does not deserve, will not come up; in which rewards will not be tied to achievements and in which someone's benevolence will guarantee that one need never bear the consequences of one's errors.

If we consider the writings of some of capitalism's most famous nineteenth-century defenders, it will help us to understand why people are so confused about the nature of capitalism today—and why statism, during this century, has been swallowing up more and more of the world. Those early defenders of capitalism included the English thinkers John Stuart Mill and Herbert Spencer.

John Stuart Mill's essay *On Liberty* is generally regarded as one of the classic

defenses of the rights of the individual. But individual rights is precisely the concept that Mill does not support. His ethical standpoint is that of utilitarianism. In *On Liberty*, he does argue that society should leave the individual free. But as justification for his position, he projects an essentially collectivist premise, the premise that the group should permit persons to be free because that will best allow them to serve its interests—thus implying that the individual does not in fact have the *right* to freedom but is, morally, the property of the collective. Not astonishingly, Mill ended his life as a socialist.

Herbert Spencer defended capitalism by means of spurious analogies to animals in a jungle and the survival of the fittest—which implied a complete misrepresentation of the nature of capitalism, one that was thoroughly in accord with the views of its enemies. An animal's method of survival is not a human being's; we do not survive by fighting over a static quantity of meat (or wealth); we survive by *producing* the values, the goods, that our lives require. And what was Spencer's ultimate moral justification for a free-market economy? Not the rights of the individual, but the purification of the race—the weeding out of the unfit, in alleged accordance with the principle of evolution; that is, the good of the collective, of the human species. Aside from all other objections, the ludicrous irrelevance of this defense, sometimes labeled social Darwinism, is that capitalism facilitates the survival and well-being of countless more of the "less fit" than any other system since the beginning of time.

It is historically, philosophically, and psychologically significant that not one of the defenders of capitalism chose to attack the position of its opponents at the root, on the level of basic premises; not one of them challenged the altruist-collectivist frame of reference in which all discussions concerning the value of capitalism were held. So although the case for capitalism has never been refuted *economically*, capitalism has lost more and more ground because we have lacked a moral philosophy to sustain and support it. (One of the major goals of novelist-philosopher Ayn Rand in her famous book *Atlas Shrugged* was to provide just such a moral justification—and, in my estimation, she succeeded brilliantly.)

In the world of the present, most people regard the right of a government to initiate force against its citizens as an absolute not to be debated or challenged. They stipulate only that the force must be used "for a good cause." Precisely because capitalism in its ideal (that is, consistent) form forbids the use of force to gain social ends, or any other kind of ends, intellectuals dismiss the laissez-faire concept as "antisocial" and "unprogressive."

Whatever the differences in their specific programs, all the enemies of the free-market economy—communists, socialists, fascists, welfare statists—are unanimous in their belief that they have a *right* to dispose of the lives, property, and future of others; that private ownership of the means of production is a selfish evil; that the more a person has achieved, the greater is his or her debt to those who have not achieved it; that men and women can be compelled to go on producing under any terms or conditions their rulers decree; that freedom is a luxury that may have been permissible in a primitive economy, but for the running of giant industries, electronic factories, and complex sciences, nothing less than slave labor will do. Whether they propose to take over the economy outright, in the manner of communists and socialists, or to maintain the pretense of private property while dictating prices, wages, production, and distribution, in the manner of fascists and welfare statists, it is the gun, it is the rule of physical force that they consider "kind," they who consider the free market "cruel."

An animal's method of survival is not a human being's; we do not survive by fighting over a static quantity of meat (or wealth).

Since the moral justification offered for the rule of force is humankind's need of the things that persons of ability produce, it follows (in the collectivist's system of thought) that the greater an individual's productive ability, the greater are the penalties he or she must endure, in the form of controls, regulations, expropriations. Consider, for example, the principle of the progressive income tax: those who produce the most are penalized accordingly; those who produce nothing receive a subsidy, in the form of relief payments. Or consider the enthusiastic advocacy of socialized medicine. What is the justification offered for placing the practice of medicine under government control? The importance of the services that physicians perform—the urgency of their patients' need. Physicians are to be penalized precisely because they have so great a contribution to make to human welfare; thus is virtue turned into a liability.

In denying human beings freedom of thought and action, statists and collectivist systems are anti-self-esteem by their very nature. Self-confident, self-respecting men and women are unlikely to accept the premise that they exist for the sake of others.

A free society cannot be maintained without an ethics of rational self-interest. Neither can it be maintained except by men and women who have achieved a healthy level of self-esteem. And a healthy level of self-esteem cannot be maintained without a willingness to assert—and, if necessary, fight for—our right to exist. It is on this point that issues of psychology, ethics, and politics converge.

A free society cannot automatically guarantee the mental or emotional well-being of all its members. Freedom from external coercion is not a *sufficient* condition of our optimal fulfillment, but it is a *necessary* one. The great virtue of capitalism—laissez-faire capitalism, as contrasted not only with the more-extreme forms of statism but also with the mixed economy we have today—is that it is the *one system* whose defining principle is precisely the barring of physical coercion from human relationships. No other political system pays even lip service to this principle. No other political system is consistent with the individualism that so many people embrace in the personal realm. ◧

Nathaniel Branden is the author of, among other books, The Psychology of Self-Esteem. *This article is excerpted from his new book,* Honoring the Self: Personal Integrity and the Heroic Potentials of Human Nature, *published in March by J. P. Tarcher, Inc.*
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VIEWPOINT

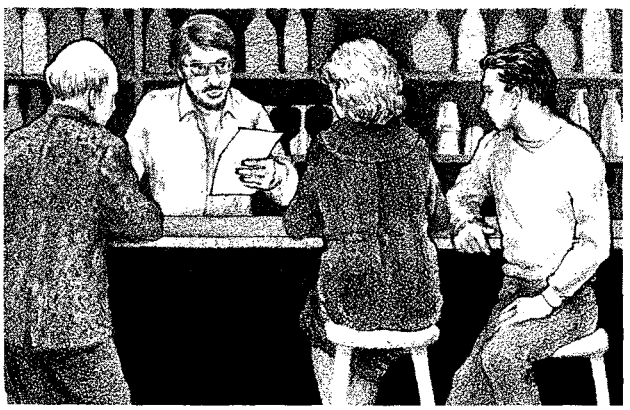
One for the Road

BY JAMES DALE DAVIDSON

Times change. George McGovern used to dislike Richard Nixon. When I started writing for REASON, Washington Senators were primarily baseball players. And nobody who lived in a good neighborhood bought a Japanese car. Remember? They all looked funny, and the tail lights fell off.

My thinking about freedom has changed as well—I used to approach it as a moralist. I still believe that freedom is a moral issue, but I have come to a much richer understanding of why everyone does not feel as I do.

Thirteen years and a thousand or so books later, I even have a bit of perspective on why I came to take an interest in liberty. Something made me rambunctious. And it wasn't only me; of the dozen or so boys who took turns as crucifers and singing off key in the Christ Church choir, four or five later became "libertarians."



It was rural Maryland in the 1950s. Maybe there wasn't enough fluoride in the water. Maybe we were spoiled—or not spoiled enough. In any event, something led us to an impractically boundless faith in ourselves. That faith wasn't a doctrine but a disposition. We were Dr. Spock babies, sassy, bright, and licentious; the first generation to whom television made everything simultaneous. Our grandfathers had to train for months and cross an ocean, then spend more months in the trenches to create a cliché: "How are you going to keep them down on the farm once they've seen Paree?" It came to us instantly, right into the living room.

We didn't know it then, but we were viewing the world from the height of the American empire. At the supper table, my parents would inveigle me to eat my vegetables by saying, "Think of the starving children in Europe." Our economy was powerful, bountiful, and rich; richer in relative terms than it ever was before or perhaps ever will be again. Under the circumstances, it was easy for us to have confidence, to assume that anything was possible so long as no one stopped us or stood in our way. Perhaps that's why we became enthusiasts for freedom.

There was a peculiar element in our optimism, a kind of preternatural perception that would come much later to the actuaries and the editorial boards of great newspapers. We somehow sensed that our own prospects as individuals exceeded the common prospects for the economy and the world. We were launching our boats on what turned out to be a receding tide. But that could only have been an intuition then, not knowledge. It would be years later before the plumbings and soundings were available to prove by statistics that the economy had seen its high-water mark. Under the circumstances, we had what can only be described as a cunning distrust of the government; it and it alone had the potential to squelch our potential to live ever so much more wisely and agreeably than our parents were living.

Of course, there was more to the making of the prelibertarian disposition. We did tend to take a sporting interest in ideas. A well-wrought argument could be, at times, as curious and exciting as a properly hit fastball. Crack. Where that enthusiasm combined with an entrepreneurial disposition, at least in my limited circle, we gradually grew up to be libertarians.

The ideas that suited us came from the forgotten fringe of economic theory, from Ludwig von Mises, Murray Rothbard, and the other Austrian School economists. They showed more rigorously than others how the determinism of *laissez-faire* would make the world a better place—if the doctrine were only allowed to work. And the doctrine was determinist. With *laissez-faire*, it wasn't merely anything that might happen, willy-nilly. The highest satisfaction of individual desires harmonizing in the market was the inevitable, logical consequence.

What we did not see—or, to speak less grandly, what I did not see—was that the very determinism that made *laissez-faire* desirable also made it practically impossible in a conventional political context. The preference of individuals for more over less, their willingness to spend resources where the prospect exists for gain, their general reluctance to "internalize" costs that spill over onto others, all point to a growing and greedy government.

This is the reason I am not a Libertarian with a capital *L*—not a Libertarian Party enthusiast. The plan for a moralistic reconstruction of freedom at the ballot box is about as doomed as any hope of restoring the czar in Russia. So long as the rewards for infringing freedom continue to exceed the costs to those who make the decisions, there is only one result to be expected. Less freedom. All we can realistically hope for are movements at the margin, to raise the costs of political pillaging or reduce the rewards. I can imagine such movements taking one of three forms: constitutional change to alter the rules of the game, a haphazard and unintended shift in market structure that alters incentives to make political boondoggling less rewarding, or a conscious effort to achieve the same thing through nonconstitutional rule changes.

What am I talking about? Just drawing a conclusion from the arithmetic of relational incentives. Industries where there are many competitors usually do not impinge so much upon freedom as those where there are but a few. Where economies of scale are limited, there tend to be many competitors and less unionization. Where industries are footloose, as weaving was at the takeoff stage of the Industrial Revolution, and computer-based output is now, unionization is minimal and consequently the political damage that can be done by unions and even industry groups is minimal. By the same token, political authorities must be

ILLUSTRATION BY SUSAN SALLADÉ

restrained in imposing costs on people who are footloose enough to walk away from them. If we are lucky, some of the structural changes occurring in the economy now will undermine the relational incentives that have driven government to grow. If we are not lucky, the next step will have to be to find and implement changes in the rules to alter incentives more decisively.

The question is whether the changes that matter will be meandering, as history has tended to be, or whether someone working to liberate humankind can conceive and implement action as revolutionary in its impact as the silicon chip. I pick that example with caution, because it is still to be shown what effect economic decentralization will have in diminishing the constituency of the social-democratic state.

I have been telling you things like this for years. Because I have always imagined you to be supernaturally reasonable—as a reader of REASON. Someone who cares about the same things I do and is also easy to talk to. Yack. Yack. In fact, you may have picked up this issue in a mental ward or in the research department of some labor union.

But I prefer to think better of you, as a writer so often does of his audience. I've felt like a pen pal sending missives to a distant bar frequented by people he doesn't quite know but somehow likes. In this simile, I used to think of REASON's editor Bob Poole as the bartender, reading aloud on a Tuesday night columns I wrote. Most of the listeners were regulars, the hard core. But there were others, too: passers-by, snared by a particularly clever invitation in the mail and perhaps likely to regret it.

Over the years, I've written something to offend almost everyone—from the woman who kept mailing plaintive requests that I stop "tuning in on her psychically" (she didn't like my piece on the occult), to fans of Social Security. I even ticked off some people by saying that Gladys Knight and the Pips were prophetic with their sad song for Jimmy Carter: "He's taking that midnight train for Georgia, and he ain't coming back."

While I have been whistling tunes, the world has changed. Bob Poole is now too busy to read aloud in bars on Tuesday nights, and the new editor has decided to open this column to an array of writers.

So this is the last of my regular egocentric monologues. Good bye.

Jim Davidson is founder and chairman of the National Taxpayers Union and the author of The Squeeze.

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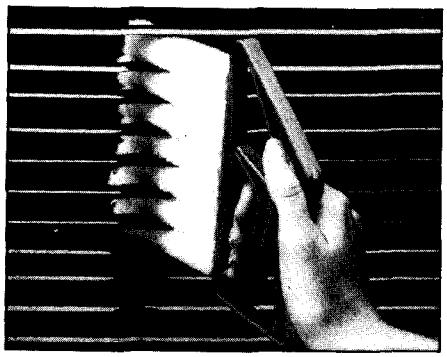

It has taken a long time figuring out how to clean venetian blinds efficiently. Early inventions simply spread the dirt around instead of picking it up. Later ones worked better but mostly cleaned only one slat at a time. Now a California designer has finally solved the problem convincingly. It has 7 roller fingers, 4" long and covered with a synthetic lambswool that picks up and holds dust and dirt. Pull the trigger and the fingers spread enough to slip over the blind slats (6 mini-blind slats or 3 conventional 2" slats). Release the trigger and the slats are held firmly between the cleaning rollers. Then move the cleaner back and forth along the blind, release and grip the next set of slats. When soiled, the cleaning rollers can be removed and washed. These revolutionary blind cleaning tools cost **$9.00** ($1.95) #A787. Two for **$17.00** ($1.95) #A7872.

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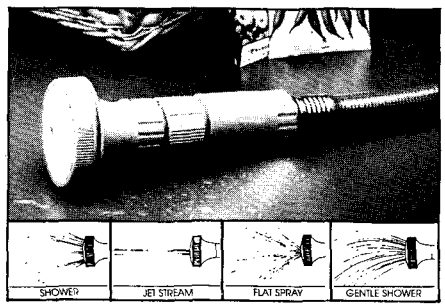
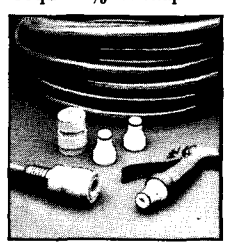
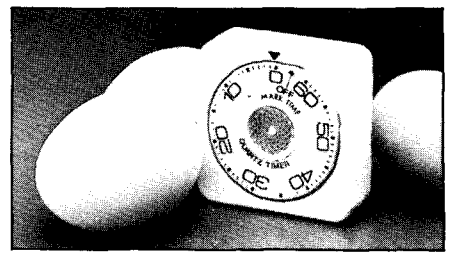


The biggest problem with most hose nozzles is getting and maintaining the desired water flow. The answer is Nozzle Five. This hose nozzle lets you set water flow to any of five positions. Use the shower setting for heavy watering or car washing, gentle shower for potted plants or window boxes, flat spray for misting foliage and the jet stream for force cleaning patios, decks and gutters. The fifth setting is a convenient stop action. Nozzle Five is made of noncorrosive plastic and costs **$11.00** ($1.95) #A481. Two for **$18.00** ($2.95) #A4812. For fast, dripless connections between hose and accessories we offer Barco quick snap connectors, shown below. They work on the same principle as the snap connectors on pneumatic tools in a garage. They permit you to connect two lengths of hose or add accessories without first turning off the water. No threading required, just snap the male and female connectors together. Waterflow shuts off automatically when disconnected. A set of five snap connector pieces (2 female and 3 male — enough so you can switch accessories at hose end) costs just **$8.00** ($1.95) #A843.



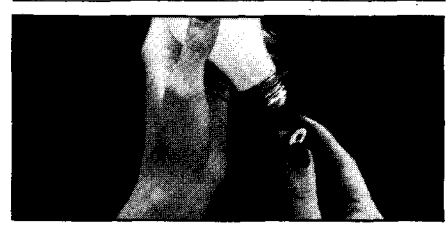
COUNTING BY MINUTES

There are frequent occasions when we need to watch the time without watching the clock — cooking obviously, games sometimes, during exercises and beauty treatments certainly, perhaps most commonly simply as a reminder that there is something we need to do in 5, 15, however many minutes. Our favorite instrument for this purpose is a superaccurate

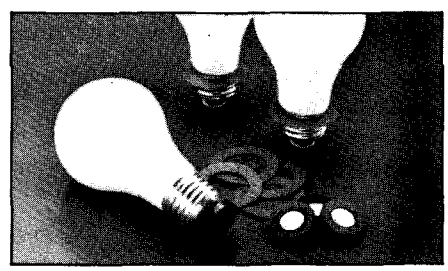


quartz timer so handy (2¼" x 2¼") you can drop it in your pocket and go work in the garden without forgetting what's on the stove. The dial is graduated in 1-minute intervals, you can count seconds on the advancing ticks, and the eventual conclusion is a pleasantly insistent electronic beeper alarm. The timer operates on a single AA battery (not included), which provides power for 1½-2 yrs normal use. 1-yr warranty. **$16.00** ($2.95) #A1000.

UL LIGHT BUTTON



They are familiar household conveniences now, the little half-wave rectifier buttons that attach to the bottom of light bulbs and extend their life up to 90 times, sparing you the trouble of bulb changing for years at a stretch while you save a bundle in bulb replacement costs. But the patented Screwge Bulb Saver is one of the first to be UL-listed, meaning it has survived nearly two years of strenuous independent laboratory testing and been certified safe for home and commercial use. It provides security along with savings, safe enough even for high-temperature recessed fixtures. You'll notice that Screwge Bulb Savers reduce light output so you may want to increase bulb wattage. We are offering 6 for **$13.00** ($1.95) #A1052, 12 for **$21.00** ($2.95) #A1053 and 24 for **$39.00** ($3.95) #A1054. The manufacturer provides a 5-year warranty.



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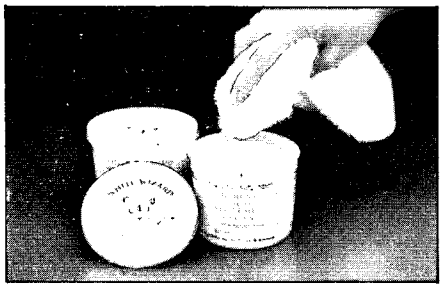

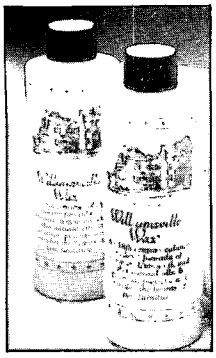

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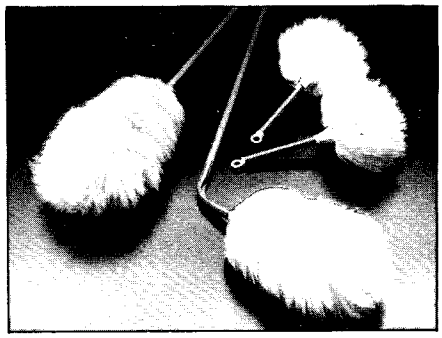

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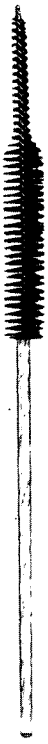

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MONEY

Boom, Then Gloom

BY STEVEN K. BECKNER

The remainder of 1984 should be, on balance, a big plus for the economy, for the American stock market, and for various other types of investments. But, looking ahead to 1985, get ready for the return of inflation and prepare to shift your investment strategy. First, let's look at the economic outlook for 1984.

Once again, the federal budget deficit will be very high, although probably not as high as the fiscal 1983 deficit of $195 billion. The trade deficit will probably greatly surpass last year's $70 billion. The budget deficit tends to keep the trade deficit high by pushing up interest rates and in turn the dollar, making US goods less competitive.

Notwithstanding the deficits, though, the economy should neither slip back into recession nor into inflation—not yet, anyway, for the economy has a number of buffers protecting it. One of these buffers is an unexpectedly large increase in business savings. Despite Federal Reserve chairman Paul Volcker's recent warning that Treasury and private credit demands are already straining the money markets, business as a whole actually has large amounts of surplus cash and thus does not need to borrow.

Thanks to rising profits, low inflation, wage restraint, and the 1981 business tax cuts, corporations are enjoying record cash flows, which enable them to invest heavily in Treasury securities even after making their own capital investments.

Economist Allen Sinai estimates that business savings due to President Reagan's reduction in corporate income taxes and accelerated depreciation schedules will have reached $181.7 billion by 1985—nearly $65 billion in 1985 alone, after savings of $37.6 billion in 1983 and $51.8 billion in 1984. So, despite the federal drag on the economy, business is planning a 9.4 percent increase in spending on plant and equipment in 1984.

In addition, recovery-generated increases in revenue and diminished demands for social services should reduce the deficit by at least $20 billion. At least through 1984, then, the government should be able, in effect, to get away with running large deficits. Therefore, federal financing pressures figure to be considerably less onerous than generally anticipated.

If, in addition, inflation remains moderate, interest rates should come down, relieving pressure on the dollar and making American goods more competitive. Lower interest rates would also mean lower servicing costs on the national debt.

Expect the Federal Reserve to do everything in its power this year to reduce interest rates. It will have relatively favorable conditions to do that this year, given the factors mentioned above plus the slowing of the recovery. But it will do so at the cost of long-range inflationary dangers.

Yet another potential buffer for the American economy is the emerging global economic recovery. Worldwide economic growth will not be dramatic in 1984, but any increase will redound to the benefit of the United States in the form of increased demand for American goods.

Looking beyond 1984 and the probable landslide reelection of Reagan, the outlook is not so rosy. As Lawrence Kudlow, former chief economist for the Office of Management and Budget, writes in his *Foxhall Review*, a budget "strategy where outlays will absorb 24 percent of GNP, deficits absorb 5 percent of GNP and 81 percent of net private savings, is not compatible with strong growth, moderate inflation and falling interest rates."

At some point late this year or early next, we will suddenly realize that both the recovery and disinflation have been undermined by the pressures of the deficit. Without major fiscal policy changes, which are unlikely, a number of things will happen as the recovery matures. The conflicting demands of the public and private sectors will begin to put inexorable pressure on interest rates. Bank and corporate demand for Treasury securities will evaporate. The Fed will be forced into the breach to make sure there is enough money and credit available to finance the deficit while keeping the economy alive.

As interest rates are kept artificially low, while the balance of payments continues to look sickly, the overvalued dollar will finally begin to fall—and fall dramatically—with two effects. First, no longer will we be able to buy foreign goods at bargain prices: more costly imports will feed directly into higher producer and then consumer prices. Second, the influx of foreign capital will halt and then reverse, making the deficit even harder to finance without resort to expansionary monetary policies.

What does all this mean for the investor? For most of 1984 it means prospects for more good profits in the stock market. There's also a good chance for a substantial bond rally as the Fed gets interest rates down around mid-year, if not sooner.

The best bet will be growth stocks. And most of the growth will be in the technology area. "About halfway through 1984 investors' focus will shift to earnings prospects in 1985 and beyond," says the *California Technology Stock Letter*. "That's when the technology stocks, with their long-term growth rates of 15-50 percent, will stand out."

Another good bet for 1984, for perhaps 10 percent of a portfolio, is foreign securities. The generally good performance of foreign stock markets in 1983 should be repeated in 1984, as recovery abroad picks up speed. The best bet is Japan.

Later in 1984, the worm will begin to turn in favor of inflation hedges. Inflation will not return to double-digit levels this year, but the markets will begin to anticipate it. Gold, silver, and the platinum-group metals will finally start their long-awaited resurgence toward year-end.

The dollar will probably begin its slide even before then. Those with a speculative turn of mind will be able to make large profits going long in such currencies as the Japanese yen, German mark, and Swiss franc. The less speculative can hold foreign-currency-denominated CDs (certificates of deposit) abroad or invest in foreign securities.

The one thing that could nix this admittedly gloomy forecast is if the Fed simply refuses to permit another resurgence of inflation and takes the politically unpopular course of letting the economy lapse back into recession. But if it tried such a policy, the Fed would likely have its hand forced the other way.

Steve Beckner is a financial reporter and columnist for the Washington Times *and the author of* The Hard Money Book.

Pre-Whiz Kid Whiz

BY PATRICK COX

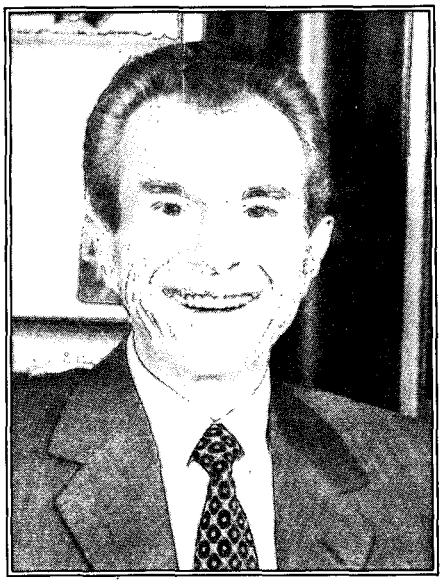
It is unlikely that your life has not been affected by Andrew F. Kay. Though he has recently come to the attention of the business and computer world as the president of Kaypro, Inc., a leading maker of portable personal computers, Kay's influence on our lives is much broader and significant.

Kay's education, an undergraduate degree from MIT and a nearly completed masters in mathematics from Case Institute of Technology, had been cut short by the onset of World War II. During the war, he worked in military-related scientific research and production of such items as automatic pilots. Then, in 1952, after an argument with his employer, a manufacturer of "war machines," Kay decided to move into other areas, and he formed his own company, Non-Linear Systems.

An early project at the new company was to build a "digital volt meter"—an instrument that would measure electrical voltage digitally rather than in analog form (the basis of the traditional needle meter)—which Kay started marketing in 1953. The digital readout device on your wristwatch and stereo—and on nearly every important scientific instrument in the world—springs from the mind of Andy Kay, as he is known. *Electronic Design* magazine has credited Kay for starting the digital revolution, and *USA Today* recently named Kay's invention as one of the 10 most important inventions that led to the computer age.

One of Kay's sons—both of whom are vice-presidents at Kaypro—describes his father as a Renaissance man. On the list of clichés, *Renaissance man* ranks near the top, but in this case the phrase fits; for Kay is noted for another aspect of his business career besides his technical contributions—his management theories have been discussed in textbooks for almost 30 years. Kay has long been a believer in the theory that freedom engenders efficiency and prosperity. He attributes that belief in part to a 10-year period he served on a school board, during which he saw the way tenure was awarded or denied by bureaucracy. He also had worked in factories where all decisions came down from the top, leading to what Kay describes as "the stiltification of people's desire to excel."

During the '60s, Kay's company attracted international attention for its participatory management style. *Business Week* called the firm "a laboratory for the behavioral sciences...a proving ground for some of the newest concepts in 'permissive management.'" Vance Packard described Non-Linear Systems in a *Reader's Digest* article as "one of the most revolutionary companies in America." The famous MIT management professor Douglas MacGregor was an ardent fan of Kay's nonauthoritarian technique, and psychologist Abraham Maslow researched his landmark book *Eupsychian Management* at Kay's plant. In effect, Kay invented an American form of what is now called "Japanese management." In fact, during the '60s dozens of Japanese managers spent time on-site studying Kay's management techniques.



ANDREW F. KAY

It is odd that American technologies and theories have been better accepted in Japan than in the United States. Even though his company had always been successful, Kay found investors hard to come by when he decided to make a move into personal computers. The money he borrowed was expensive.

Last July, the company changed its name to Kaypro. Its computers had hit the market and made headlines in the computer trade, but because of Kaypro's unorthodox style, Kay's decision to go public with a stock offering met with skepticism from institutions and analysts.

Institutions, which usually buy 50 percent of similar stock offerings, only bought 12 percent of Kaypro's. Michelle Preston, a *Wall Street Journal* analyst, was, according to Kay, amazed to learn that Kaypro spent less than 10 percent of gross sales on marketing. The industry usually spends at least 20 percent. Similarly, Kaypro baffled the experts because its manufacturing-expense overhead was only about 100 percent while the usual ratio is three times that. "We have very little of what are called 'white-collar workers,' and our blue-collar work force is very high," Kay explains. "We don't follow the ratios at all, and the fact that I was 64 didn't help." The planned sale of 5 million shares was ultimately cut back to 4 million. Still, among companies that make computers costing more than $1,000, Kaypro is the fourth-largest in unit production.

Kay's anti-authoritarian philosophy does not only apply to business. "We have no drawings of the assembly process or formal plans," he says, "but we do have goals. When people who want to work are free to do what they want, the results are remarkable. But our government seems to work against those tendencies. Once we became visible this year, we were visited by seven or eight government agencies in the space of 90 days. One agency is making me get a permit that I was supposed to have 17 years ago."

"Computers are tools of autonomy," Kay says. "They enable people to hide from bureaucrats. They will create more individual liberty as people gain power over the details of life that now take so much energy." Kay says that he has used his own computer to help make his firm's product cheaper and more accessible to the consumer. One has to wonder what he would be doing if he had started out with those "tools of autonomy." Fortunately, we can take advantage of all that he has already done.

Patrick Cox is a frequent guest columnist for USA Today *and public affairs director of the Pacific Institute for Public Policy Research.*

arts & letters

MOVIES

Reviewed by John Hospers

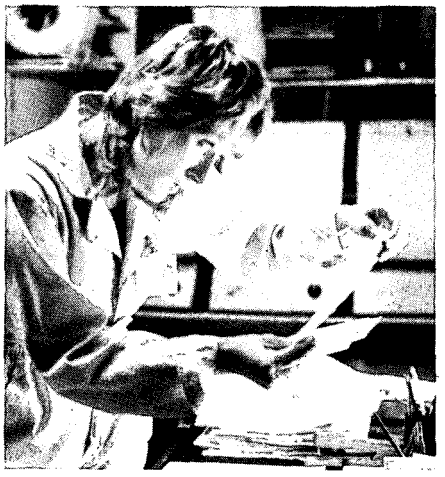
Silkwood

It's not supposed to matter aesthetically whether the book you're reading or the film you're seeing is a true story—just concentrate on it and consider its merits and demerits as a work of art.

Viewed in in this way, *Silkwood* is overlong, has numerous dead spaces, and isn't even particularly interesting except for the exceptional acting of Meryl Streep, Cher, and Kurt Russell. What makes people come to see it is that it's based on an actual event. The film is a kind of glossed-up documentary. And since real names of persons, places, and companies are mentioned, one seems entitled to infer that the story is true.

To what extent it is true is, however, a matter of hot dispute. According to the *Los Angeles Weekly*, the film exhibits cowardice in not presenting an all-out indictment of the Kerr-McGee Co. for purposely contaminating Karen Silkwood with plutonium and then killing her in a car "accident" to prevent her from testifying against the firm. But according to syndicated columnist Nick Thimmesch, "The fact is that Silkwood's crash was thoroughly investigated by all manner of authorities right up to the U.S. Congress. The conclusion was that there was no foul play, that it was a classic single-car driver-ran-off-the-road accident. Silkwood was under the influence of drugs at the time of the accident. Her autopsy revealed that she had .35 milligrams of methaqualone (per 100 milliliters of blood) in her blood...and 49.53 more mg. in her stomach. She had overdosed for months, and her physician had to confiscate drugs from her. Just two weeks before the fatal accident, she was injured when her car ran off the road in the same fashion."

As director Mike Nichols indicates onscreen at the end, nobody knows what really happened, but he does say that a posthumous blood test showed the presence of methaqualone in her. Perhaps he stayed neutral in order to avoid a lawsuit. Nevertheless, all the hints planted throughout the film are slanted against Kerr-McGee. The undertaker says that all the corpses from Kerr-McGee "look dead before they're dead"; Silkwood reads from a report that "there is *no* safe level of plutonium"; and a lab technician admits to her that he falsifies the X-rays that show whether or not there is any structural defect in the products he delivers to the breeder reactors in Hanford, Washington (which, if true, could have catastrophic effects).



Meryl Streep as Karen Silkwood in SILKWOOD: Is the viewer being made a fool of?

But is it true? Silkwood, according to the film, had been preparing documents against the company on this, but in fact no documents were ever found. What is the truth of the matter? These, rather than puzzles about the film itself, are questions that linger in the audience's mind as they leave the theater. There are doubtless persons alive who do know, but since the viewer does not, the effect of the film is, to say the least, unsettling.

Even more unsettling, however, is the suspicion that readers and viewers are being made fools of in the whole affair. Though there has been very little attention to it in the press, a distinguished physicist, Prof. Bernard Cohen, has offered "to inhale, on TV, 1,000 particles of plutonium of any size that can be suspended in air, or to eat as much plutonium as any prominent critic will eat caffeine" (Petr Beckmann, *Access to Energy*, February 1984). Why has his offer never been accepted, nor even publicized? (According to Beckmann, Cohen "is being silenced and censored, not by the government, but by the media moguls whose mouths pay tribute to the freedom of the press even as their hands strangle it.") And if Cohen is right about plutonium, what happens to Silkwood's case?

The Right Stuff

Though more than three hours long, *The Right Stuff* is absorbing cinematic fare from beginning to end. It's a good old-fashioned type of film, full of courage and heroism and conquest over nature (not, for a change, over other people). It is, on the whole, a true story, beginning with the breaking of the sound barrier and ending with Gordon Cooper's orbiting around the earth. It includes in its scope John Glenn's first venture into space, but not the astronauts' trip to the moon.

Except for a few scenes containing gutter language, which are quite gratuitous, this film could have been made in the 1950s. (This is not a put-down but a compliment, since the general tenor of films was much more positive and upbeat then than now.) There is a contagious spirit of camaraderie developed among the astronauts. There is also their total dedication to their enterprise, a dedication that is most striking in John Glenn (portrayed by Ed Harris) and the lone flier (portrayed by Sam Shepherd) who, Gary Cooper style, shuns publicity but repeatedly risks his life in a plane to conquer new boundaries of the unknown. The result is that one emerges feeling good about the world and about man's hopes and dreams—not so much a feeling of patriotism as of unabashed admiration of courage and tenacity and idealism.

Though the film is long, it's difficult to think of scenes that should have been cut; it all hangs together. The only slightly jarring notes are the somewhat absurd caricatures of the military and of Lyndon Johnson as a craven publicity-

THE BEST OF '83

THE RETURN OF MARTIN GUERRE
TERMS OF ENDEARMENT
NEVER CRY WOLF
LA NUIT DE VARENNES
THRESHOLD
TENDER MERCIES
DANTON
THE RIGHT STUFF

—J. H.

seeker. But the shots of the flights, both in planes and in space capsules, are quite thrilling. There are fine atmospheric touches as well, such as Australian aborigines lighting fires to celebrate Glenn's orbiting the earth miles above their heads, even though it is something of which they have no conception.

The film is less a documentary than a celebration of heroic deeds, and it is done with élan, a strong sense of humor, and an underlying reverence. Most films today are made for the 15-25 age crowd who are their chief patrons; but *The Right Stuff*'s audience consists mostly of adults who remember the events depicted. But if the kids stay away, it's their loss: this film is the right stuff for an enjoyable evening's entertainment, even a bit of inspiration.

Danton

The time is 1794, when the French Revolution has deteriorated to the Reign of Terror. Robespierre, architect of the Revolution, has become a virtual dictator, and now he sees his task as eliminating those revolutionists who disagree with his methods. First among them is Danton (Gerard Depardieu), a popular orator who believes in moderation and in keeping the Revolution true to its original course. But Robespierre believes that Danton, given free play, will destroy the Revolution (presumably by diverting allegiance from Robespierre himself) and orders him arrested and guillotined. Even so, he is ambivalent. "I face a dilemma," he says to his housemaid. "If I keep Danton alive, the Revolution is finished; if I kill him, the Revolution is also finished." (In the end, though not in the film, Robespierre also becomes a victim of the Revolution.)

The film is a searing indictment of political power misused. "Fearing the return of tyrants, they've become tyrants," says Danton. "We now have a tyranny worse than the monarchy." When Robespierre instructs the judge at Danton's trial, he tells him to find Danton guilty and justify it afterwards. The judge says, "You don't want a judge, you want an executioner!" and Robespierre agrees: "We send you the enemies of the Republic; your job is to destroy them." When Danton is on trial, he is asked whether he believes he is above the law and therefore a dangerous enemy of the people. He replies resoundingly, "The people have only one dangerous enemy, the government!"

At the beginning of *Danton*, a little boy is reciting for Robespierre the Articles of the Revolution. As a final irony, the movie ends with the same boy reciting the same articles, with Robespierre realizing that every one of the ideals they set forth has been betrayed.

Poland's director Andrzej Wajda may have intended this film as a parable on the current Polish situation (with Danton as Walesa and Robespierre as Jaruzelski), but actually the theme is a universal one: the rise of men to political power and the repeated use of this power as an instrument of evil. It dramatizes this theme with relentless driving energy. This film, together with *La Nuit de Varennes*, also about the French Revolution, are among the most powerful movies that made it to the theaters in 1983.

John Hospers is the author of Understanding the Arts. *He teaches philosophy at the University of Southern California and is the editor of the* Monist.

BOOKS

Battle for the Brain Machine

The Fifth Generation: Artificial Intelligence and Japan's Computer Challenge to the World
By Edward Feigenbaum and Pamela McCorduck
Reading, Mass.: Addison-Wesley.
288 pp. $15.55.

Reviewed by John McCarthy

Japan has replaced the Soviet Union as the world's second-place industrial power. (Look at the globe and be impressed.) However, many people, Japanese included, consider that this success has relied too much on imported science and technology—too much for the respect of the rest of the world, too much for Japanese self-respect, and too much for the technological independence needed for Japan to continue to advance at previous rates. The Fifth Generation Project is one Japanese attempt to break out of the habit of copying and to generate Japan's own share of scientific and technological innovations.

The idea is that the 1990s should see a new "fifth" generation of computers, based on "knowledge information processing" rather than "data processing." "Knowledge information processing" is a vague concept that promises important advances in the direction of artificial intelligence but is noncommittal about specific performance. Edward Feigenbaum and Pamela McCorduck describe this project in *The Fifth Generation: Artificial Intelligence and Japan's Computer Challenge to the World.* The authors predict that the project will meet its goals with substantial success and argue that the United States will fall behind in computing unless we make a similar coherent effort.

The Fifth Generation Project (ICOT is the Japanese acronym) is the brainchild of Kazuhiro Fuchi, of the Japanese government's Electro-Technical Laboratory. ICOT, while supported by industry and government, is an independent institution. Fuchi has borrowed from the leading Japanese computer companies about 40 engineers and computer scientists, all under age 35, for periods of three years. Thus the organization and management of the project is as innovative as one could ask. With only 40 people, the project is so far a tiny part of the total Japanese computer effort, but it is scheduled to grow in subsequent phases.

The project is planned to take about 10 years, during which time participants will design computers based on "logic programming," an invention of Alain Colmerauer of the University of Marseilles in France and Robert Kowalski of Imperial College in London, and implemented in a computer programming language called Prolog. They want to use additional ideas of "dataflow" developed at MIT and to make machines consisting of many processors working in parallel. As a result of this, some Japanese university scientists consider that the project still has too much tendency to look to the West for scientific ideas.

Making parallel machines based on logic programming is a straightforward

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engineering task, and there is little doubt that this part of the project will succeed. The grander goal of shifting the center of gravity of computer use to the intelligent processing of knowledge is more doubtful as a 10-year effort. The level of intelligence to be achieved is ill-defined. The applications also are ill-defined. Some of the goals, such as common-sense knowledge and reasoning ability, require fundamental scientific discoveries that cannot be scheduled in advance.

My own scientific field is making computer programs with common sense, and when I visited ICOT, I asked who was working on the problem. It was disappointing to learn that the answer was "no one." This is a subject to which the Japanese have made few contributions, and it is a research subject probably not suited to people borrowed from computer companies for three years. Therefore, one can't be optimistic that this important part of the project goals will be achieved in the time set.

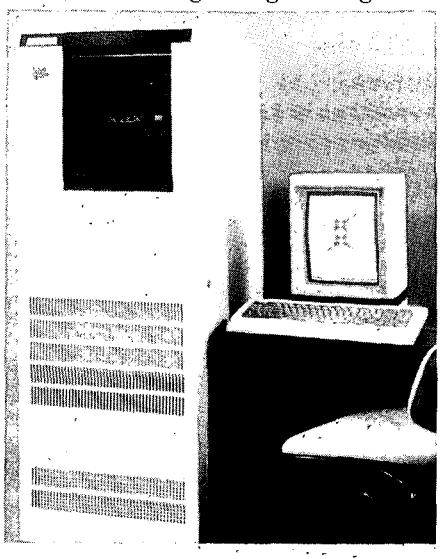
The Fifth Generation Project was announced at a time when the Western industrial countries were ready for another bout of alarmist claims; the journalists have tired of the "energy crisis"—not that it has been solved. Even apart from the recession, industrial productivity has stagnated; it has actually declined in industries heavily affected by environmental and safety innovations. Meanwhile, Japan has taken the lead in automobile production and in some other industries.

At the same time, artificial-intelligence research was getting a new round of publicity that seems to go in a seven-year cycle. For a while every editor wants a story on artificial intelligence and the free-lancers oblige, and then suddenly the editors get tired of it. This round of publicity has more new facts behind it than before, because expert systems are beginning to achieve practical results, that is, results for which companies will pay money.

Therefore, the Fifth Generation Project has received enormous publicity. Western computer scientists have taken it as an occasion for spurring on their colleagues and their governments, using apocalyptic language that suggests that there is a battle to the death—only one computer industry can survive, theirs or ours. Either we solve all the problems of artificial intelligence right away or they walk all over us.

Edward Feigenbaum is the leader of one of the major groups that has pioneered expert systems with programs applicable to chemistry and medicine. He is also one of the American computer scientists with extensive Japanese contacts and extensive interaction with the Fifth Generation Project. Pamela McCorduck is a science writer with a previous book, *Machines Who Think*, about the history of artificial-intelligence research.

The Fifth Generation contains much interesting description of the Japanese project and American work in related areas. However, Feigenbaum and McCorduck concentrate on two main points. First, knowledge engineering will dominate computing by the 1990s. Second, America is in deep trouble if we don't organize a systematic effort to compete with the Japanese in this area.



The Japanese Fifth Generation Project plans to make a personal logic-programming machine to compete with personal "Lisp" machines like this one. Lisp is the computer language most used today in artificial-intelligence research.

While knowledge engineering will increase in importance, many of its goals will require fundamental scientific advances that cannot be scheduled to a fixed time frame. Unfortunately, even in the United States and Britain, the hope of quick applications has lured too many students away from basic research. Moreover, our industrial system has serious weaknesses, some of which the Japanese have avoided. For example, if we were to match their 40-engineer project according to output of our educational system, our project would have 20 engineers and 20 lawyers.

The authors are properly cautious about what kind of an American project is called for. It simply cannot be an Apollo-style project, because that depended on having a rather precise plan in the beginning that could be seen all the way to the end and did not depend on new scientific discoveries. Activities that were part of the plan were pushed, and everything that was not part of it was ruthlessly trimmed. This would be disastrous when it is impossible to predict what research will be relevant to the goal.

Moreover, if it is correct that good new ideas are more likely to be decisive in this field at this time than systematic work on existing ideas, we will make the most progress if there is money to support unsolicited proposals. The researcher should propose goals and the funders should decide how he and his project compare with the competition.

A unified government-initiated plan imposed on industry has great potential for disaster. The group with the best political skills might get its ideas adopted. We should remember that present-day integrated circuits are based on an approach rejected for government support in 1960. Until recently, the federal government has provided virtually the only source of funding for basic research in computer technology. However, the establishment of industry-supported basic research through consortia like the Microelectronics and Computer Technology Corporation, set up in Austin, Texas, under the leadership of Admiral Bobby Inman, represents a welcome trend—one that enhances the chances of making the innovations required.

John McCarthy developed the computer language Lisp, invented computer time-sharing, and founded Stanford University's Artificial Intelligence Laboratory, where he works.

Muddled Musings About War and Peace

Justice and War in the Nuclear Age
Edited by Philip F. Lawler
New York: University Press of America. 119 pp. $15.95/$5.95.

Reviewed by Eric Mack

The American Catholic bishops' Pastoral Letter on War and Peace is a work of major intellectual confusion. The letter's major argument is that: (1) there are no morally significant differences between possible strategies for

PHOTOGRAPH COURTESY OF LISP MACHINE, INC.

nuclear defense; (2) some strategies, for example, those that involve direct, massive, nuclear destruction of an aggressor's civilian population, are grossly immoral; and (3) therefore, all possible strategies for nuclear defense are grossly immoral.

On the basis of this argument, the bishops should have called for unilateral nuclear disarmament. However, in a profound albeit understandable failure of will, they "conditionally" accepted our currently structured strategic forces as a basis from which—somehow, someday—mutual disarmament might be achieved. But in refusing to allow any significant moral distinctions between types of strategic policies, the bishops open themselves to the stark choice between tacit surrender to the Soviet Union and surrender of their own principles. When so confronted they decided to surrender their principles—of course only in a strictly conditional way.

Nor could the bishops formulate a consistent attitude toward just-war theory. This is a particular body of moral reasoning—about the nature of legitimate war and the scope of permissible action in the course of legitimate war—that has largely been developed by esteemed Catholic philosophers and theologians. At the core of this doctrine is the idea that while defensive acts that directly attack innocent bystanders are unjustifiable, defensive acts directed at aggressive forces can be justified even if innocent bystanders are injured or killed as a side effect of such targeted counterattacks. Just-war theory is, therefore, potentially embarrassing to the bishops, precisely because it is largely devoted to drawing moral distinctions between different types of defensive strategies and thus points to a rejection of the first premise of the bishops' major argument.

The bishops handled this confrontation with their own moral tradition no better than their choice between two forms of surrender. Sometimes they insisted that it was just-war theory itself that showed them that all possible strategies for nuclear defense were impermissible. And, at least as often, they held that the existence of nuclear weapons had made any appeal to this theory absurd.

The collection of essays in *Justice and War in the Nuclear Age* was issued by the American Catholic Committee out of a concern "about the misinterpretation of Catholic teachings," especially by the drafters of the Pastoral Letter. I share the committee's concern. For I think that substantial portions of just-war theory are correct and that, particularly from the bishops, this doctrine deserves a far more informed and respectful treatment than it received. Nevertheless, I can only conclude that on the whole *Justice and War* is an intellectual and moral disaster.

The essential message of the three central moral-theological essays in this collection is twofold. First, what motivates the "peace bishops" and their sympathizers is a single-minded fear of earthly annihilation. And second, we should not be worried about mere earthly annihilation since what is important, after all, is the life hereafter. Robert Reilly tells us that the real struggle is between the people of God (or their godly aspect) and those who bow to the grotesque doctrine that no "task is higher than the at-

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tainment of happiness on earth." James Schall tells us, "We are beings meant for eternal life, and this world is to end—whether consumed by some passing planetoid, some cooling sun, or by some mistake of nuclear fission, or by some act of man, perhaps even one man." John J. O'Connor provides the biblical passage: "The burden of our trial is light enough, and earns us an eternal weight of glory beyond all comparison. We do not fix our gaze on what is seen but on what is unseen. What is seen is transitory; what is unseen lasts forever . . . when the earthly tent in which we dwell is destroyed we have a dwelling in the heavens to last forever . . ." (2 Cor.). Although, at times, the authors suggest that at least under certain conditions earthly existence may have some instrumental value for God's plan for man, far more vivid to them is the infinite glory available to us after the apocalypse.

Don't get me wrong. These authors are surely correct that a Christian perspective on the value of earthly existence does argue against bearing great costs for the sake of mere earthly survival. But this is because this perspective argues against bearing great costs for the sake of *any* earthly goal—even the authors' undefined goals of freedom and justice.

Where the authors are more directly mistaken is in their charge that *anyone* deviating from their premises will be committed to a policy of physical survival at any cost. The authors' problem here is their collective inability to understand any distinctions among nontheologically based ethical systems. They repeatedly, unfoundedly, and incoherently charge any humanistic ethic with necessarily being (somehow all at the same time!) materialist, hedonist, nihilist, and bare survivalist. Indeed, the authors of these central essays make no attempt at intellectually challenging their opponents. Essentially all that we get is name-calling and pronouncements of guilt by doctrinal association—the latter often based on egregious scholarship. None of the authors seems able even to state coherently the Catholic just-war theory.

Justice and War does contain two worthwhile essays, one on the assumptions of arms-control negotiations, the other on the possibility of active nonnuclear strategic defense. The former essay, by Thomas Payne, argues that arms-control negotiations are only productive when the negotiating powers already accede to one another's spheres of power and that this condition is not currently satisfied between the United States and the Soviet Union.

The latter essay, by Angelo Codevilla, includes the book's most sensible just-war response to the arguments of the "peace bishops." In this essay, "Justice, War and Active Defense," Codevilla properly denounces all intentional attacks on centers of population and all variants of Mutual Assured Destruction that require each superpower to offer its civilians as hostages to the other. Codevilla calls for the development of an active missile or space-laser defense that will sufficiently protect our counterattack weaponry so that no Soviet first strike will be rational. The bulk of the essay is devoted to documenting the technological feasibility of such a nonnuclear strategic defense.

Of course, anything less than a perfect system of defense per se will have to be supplemented by some counterattack capability. Otherwise an aggressor's first strike will involve no risk for the aggressor other than the expenditure of its weapons. And it is presumably Codevilla's view, in accordance with just-war theory, that the weapons by which we threaten counterattack be as precise and discriminating as possible and that they be directed only at crucial military targets. It is ironic and unfortunate that only in this anthology's most technologically oriented essay, and not at all in its moral-theological essays, does some appreciation of the force of just-war distinctions appear.

Eric Mack teaches philosophy at Tulane University and contributed a chapter on the philosophical issues concerning defense policy to the Reason Foundation book Defending a Free Society.

Moscow's Masterminds

The Grand Strategy of the Soviet Union
By Edward Luttwak
New York: St. Martin's.
233 pp. $14.95.

Reviewed by Joseph D. Douglass, Jr.

Those who enjoy Edward Luttwak the charger, challenger of conventional wisdom and purveyor of unique insights into troubled areas, will be disappointed by *The Grand Strategy of the Soviet Union.* In this book, Luttwak appears to have deliberately set out to position himself in the middle of the road. As he states in his preface, "It is in between these extremes (the Soviet Union as only defensive or as an expansionist military empire) that we must find the reality of the Soviet Union." And, position himself in the middle he does, although considerably more toward the former than the latter.

The book is mainly a series of elegant ramblings and interpretations of Soviet behavior, complete with a rich load of historical relevancies. In this, Luttwak is the master. Unfortunately, however, the book is supposed to be about Soviet grand strategy. And while there are many different views on what grand strategy is, Luttwak neither describes what he means by "grand strategy" or discusses it, nor does he treat the subject in any reasonable sense.

When one speaks of grand strategy, several concepts generally come to mind, concepts such as national goals or objectives, long-range plans, the role of war and military forces, diplomatic objectives, and so forth. But in *Grand Strategy*, there is no discussion of goals or war, of the Soviet concept of peace, of the politics that have governed Soviet behavior for a long time and, as they say, would continue in the event of war, or of Soviet long-range strategic plans. There is little discussion of the tools, techniques, or tactics used in support of their grand strategy or of interrelationships between strategies in various regions.

The absence of any treatment of Soviet long-range plans, especially considering the planned nature of their government, is quite disconcerting. Luttwak fails to discuss the "Long Range Plan for the Next 10-15 Years and Beyond" as described by General Major Jan Sejna in his recent book, *We Will Bury You. Grand Strategy* brings to mind Richard Pipes's testimony in congressional hearings in 1980 when, in referring to the National Intelligence Estimates, he explained, "My feeling is that, apart from whatever institutional problems there may be, the fundamental problem is that the people drafting these estimates do not believe that there is such a thing as a Russian or Soviet grand strategy, . . ." The same appears to be true of Luttwak's book.

Luttwak discusses certain regions of the world and analyzes the related Soviet strategic options. China, Europe, and the Middle East receive dominant attention. Here there are few surprises. Soviet strategy towards China is one of encirclement. Regarding Western Europe, the

Soviet Union seeks to break the security nexus between the United States and Western Europe.

The main surprises are in what is *not* discussed. For example, Luttwak pays almost no attention to Soviet strategy towards its declared main enemy, the United States, or to Soviet strategy toward those areas of the world in which the Soviet Union greatly increased its activity in the 1960s and 1970s: Africa and Central and South America. How can this be, in a book that purports to address Soviet grand strategy?

Nor does Luttwak mention Soviet ideology, except to suggest it is no longer a critical factor, or the Soviet concept of peace or peaceful coexistence. Little reference is directed to the role of subversion, the worldwide communist movement, wars of national liberation, and the coordinated use of propaganda and intelligence (active measures). This seems to ignore an important dimension of Soviet strategy since 1917, and especially over the past three decades. The Soviet strategy of peaceful coexistence, according to Soviet sources and defectors, was given a major push by Khrushchev in 1956. It was the cornerstone of his strategy, which did not seem to change much under Brezhnev, who, according to a high-level defector, led the major activity to develop the guidelines implementing Khrushchev's strategy in the fall of 1956, extending through the spring of 1957. Other critical aspects of this strategy were the drive to achieve military superiority, beginning with nuclear weapons, and the rejuvenation of the worldwide revolutionary movement, with the Third World as the primary target. Such possibilities do not enter into Luttwak's analysis in *Grand Strategy*.

The Soviet drive for superiority is only regarded as a tactical shift, borne of necessity. As Luttwak explains, in the 1970s the Soviet Union found itself much more powerful and also distinctly poorer than its leaders could reasonably have predicted a decade earlier. "It was thus only natural that the goal of economic supremacy, which had become utterly unrealistic, should have given way to the pursuit of imperial power as the new dominant aim of Soviet national strategy." By "sheer chance" the recognition of their economic failure at the end of the 1960s happened to coincide with the beginning of the abrupt and phenomenal decline of the United States as a military power, which then acted to cause the Soviets to accelerate further their new military push.

Though Luttwak discusses the role of the military forces, there emerge serious questions concerning the rationale behind his interpretations. For example, Soviet nuclear forces are seen in the US image, that is, as only for deterrence. For Luttwak, the principal forces (and focal point in his book) are the conventional forces. Luttwak recognizes the Soviets' huge investment in conventional forces, but he almost ignores their investment in nuclear forces as well as the role of the nuclear forces beyond Soviet-style "deterrence" and the interaction between the nuclear forces and the "conventional" forces. While I would like to believe Luttwak's analysis is correct, it somehow seems to slight what could be an extremely important aspect of Soviet military and political strategy and to fail

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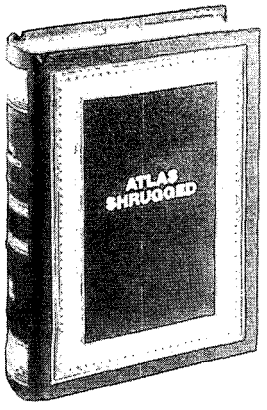

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Book Hints

a selective mention of books received for review

Deregulation continues to attract scholarly attention. *Telecommunications in Crisis: The First Amendment, Technology, and Deregulation* (Washington, D.C.: Cato Institute, 113 pp., $6.00 paper), by Edwin Diamond, Norman Sandler, and Milton Mueller, provides a timely analysis of an industry recently partially deregulated. A broader variety of regulatory reform controversies are discussed in *The Political Economy of Deregulation: Interest Groups in the Regulatory Process* (Washington, D.C.: American Enterprise Institute, 164 pp., $15.95/$7.95 paper), edited by Roger G. Noll and Bruce M. Owen, in which regulation is shown to be often associated with bureaucratic boondoggles. George Roche turns our attention to bureaucratic failings and the logic behind bureaucratic action in *America by the Throat* (Old Greenwich, Conn.: Devin-Adair, 182 pp., $14.95).

If regulations have increasingly shaped our lives in the past few decades, so, it is argued, have the media. Curtis D. MacDougall looks at one form of this influence in *Superstition and the Press* (Buffalo, N.Y.: Prometheus Books, 616 pp., $29.95/$16.95 paper). MacDougall documents the plethora of stories about paranormal events that appear in major American newspapers and asks whether the press, in treating claims of such phenomena without questioning their validity, perpetuates ignorance and superstition. And in *Channels of Power* (New York: Basic Books, 175 pp., $14.95), Austin Ranney focuses on television as a source of influence on political reality.

The American economy has finally begun to show signs of improvement, but are Reagan's supply-side economic policies responsible? *The Supply-Side Solution* (New York: Manhattan Institute, 289 pp., $12.95 paper), edited by Bruce Bartlett and Timothy Roth, provides a broad-ranging anthology for the layman and professional interested in evaluating the merits of the supply-side debate. Another book, *From Basic Economics to Supply-Side Economics* (Lanham, Md.: University Press of America, 268 pp., $10.25 paper), by M. L. Greenhut and Charles T. Stewart, Jr., evaluates supply-side economics and Reagan-omics in the context of general economic thought. The book is a project of the free-market Political Economy Research Institute.

Free-market advocates may be heartened to know that a number of French-language works have begun to appear in support of limited government and laissez-faire economics. One such book by Canadian economist Pierre Lemieux is particularly noteworthy, because it has been published by a major French publisher. In *Du Liberalisme à l'Anarcho-capitalisme* (From Classical Liberalism to Anarcho-capitalism), Lemieux traces the roots of anarcho-individualism and describes the political theory that weds free-market economics with a philosophy of individual rights and the limited state (Paris: Presses Universitaires de France, 171 pp., [available only in French], 110 FF). Two French authors, Christian Favelais and Jean-Yves Glain, analyze French government policies regulating publishing and bookselling. Those policies, assuming that books shouldn't be left to allegedly perverse market forces, have included stifling price-fixing laws that are criticized in *Le Prix Fixe pour le Livre* (Uniform Pricing for Books), published by the Institut Économique de Paris (160 pp., 48 FF).

Also published by the Institut Économique de Paris is a French translation of *Political Economy: Reflections for Today and Tomorrow*, by Ludwig von Mises. Entitled *Politique Économique* (111 pp., 40 FF), the translation marks the debut of a series of works designed to acquaint French readers with works of free-market scholars relatively unknown in France. Two other works published by the Institut Économique de Paris deserve mention: Frédéric Bastiat's *Propriété et Loi* (Property and Law) reintroduces a work by this once-esteemed 19th-century French thinker who is now almost completely unknown in France (48 pp., 15.80 FF). *Planification et Économie de Marche: Il n'y a pas de troisième voie* (Planning or Free Markets: There is No Middle Path), a pamphlet by Henri Lepage, argues in behalf of free markets and against any state economic intervention (22 pp., 15 FF).

—L. S.

to explain the investment in nuclear-war preparations and their clearly stated doctrine.

Perhaps to throw a few plaudits to the current administration, the United States is seen since 1980 to be on the upswing, which in turn is seen as causing great consternation in Moscow. Should this and Luttwak's assessment that the Soviets have acquired new and expanding confidence in their military leaders be true, the future may indeed be fraught with danger. As Luttwak concludes, "If in the Kremlin the fatal conjunction between regime pessimism and military confidence is indeed affected, and if at the same time it is also believed that the nations of Western Europe and Japan will simply refuse to respond seriously to anything short of a direct attack, thus undermining both the capacity and the incentive of an American response, the Soviet Union will be set on the road to war—a war neither Western nor nuclear but quite possibly catastrophic all the same."

Joseph D. Douglass, Jr., is a policy analyst at IRT Corporation in McLean, Virginia.

Banking on Free Markets

The Mystery of Banking
By Murray N. Rothbard
New York: Richardson & Snyder.
286 pp. $19.95.

Reviewed by Joe Cobb

Murray Rothbard is one of my favorite authors. He is able to deal with some of the most complex issues in an engaging and witty style, and throughout all of his writing runs a recurring note of righteous anger at elitism, pomposity, fraud, and injustice. Although he has written on the subject many times in the past, this new book usefully restates the issues and analysis of free-market banking and monetary theory.

There is a need in this literature for books like Rothbard's *Mystery of Banking*. Some economists write narrowly about money and banking as simple guides to businessmen in one of the most heavily regulated fields of our economy, as if the existing laws and institutions were beyond criticism. Other writers, particularly Milton Friedman and Maxwell Newton, have recently published books challenging the monetary system, suggesting the Federal Reserve does more harm than good; but their point is that the central bankers should just manage things more efficiently. At the

far extreme, of course, there are socialists and populists who seem to have no knowledge of economics or finance and believe all bankers are just "evil." None describes or advocates a fully competitive model of money and banking, as Rothbard does.

While occasionally dipping his pen in the populist inkwell, suggesting that something is "wrong" with fractional-reserve banking in general, Rothbard keeps his main argument on the target of central banking and political privilege. He presents the case for institutional reform with a sensitivity that something is rotten in our present system, while at the same time developing the economic analysis of money and banking to support his case.

The chapters about the history of bank politics in the United States and the growth of our current system—and its alternative, decentralized ("free") banking—are the strongest parts of the book. Any proposals for reform will fall short of the free-market ideal without the presentation of a workable alternative to the Federal Reserve and a manipulated fiat-money system, which Rothbard supplies. Friedman and Newton, for example, would simply put the central-banking function under the secretary of Treasury, with no protections against another G. William Miller. True money and banking reform will require more than a mere cosmetic change, which is all that the "independence" of the Fed really amounts to.

Rothbard's new book, however, is not the landmark in publishing that it might have been. It is flawed by a few very slow and technical opening chapters about money. Unfortunately, Rothbard abandons his Austrian School economics analysis throughout these chapters.

The weakest chapter in *The Mystery of Banking* is that entitled "Deposit Banking." In his discussion here, Rothbard moves furthest from the Austrian analysis, exemplified by Ludwig von Mises, and espouses the view of the British neoclassical school (John Maynard Keynes, Milton Friedman, et al.). This starts Rothbard off on a tangential discussion about fractional-reserve deposits that detracts from his entire case against politicized central banking. His advocacy of 100 percent reserves, for example, is pure "Chicagoism," advanced in the 1930s by Henry Simons, in the 1950s by Milton Friedman, and in the 1980s by Eugene Fama.

Most English-speaking economists have uncritically accepted the standard definition of "the money supply" that Rothbard uses. This definition, however, establishes a frame of reference that blocks many useful areas of inquiry. The mistake is to define coin, currency, and demand deposits as all equally part of "the money supply," from which it follows, therefore, that banks "create money." On this subject, Rothbard is inconsistent; Ludwig von Mises was not. Mises, in *The Theory of Money and Credit*, makes the important distinction between money and "money substitutes," which banks create, like credit cards, checking accounts, and even banknotes.

By making the careful distinction between money (coin) and substitutes for coin, Mises could focus on monetary theory without getting caught in the arbitrary classifications about "the money supply" that worry statisticians. Defining "the money supply" as including any money substitutes at all is a mistake, because it confuses the discussion.

This is the essential confusion of macroeconomics. The British neoclassical school of monetary theory bases its analysis on the methodology of ag-

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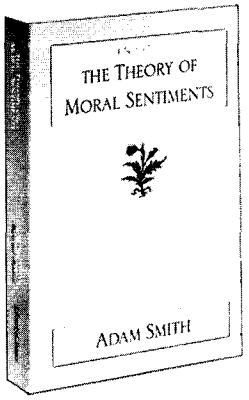

The Theory of Moral Sentiments

By Adam Smith

The Glasgow Edition
Edited by A. L. Macfie and D. D. Raphael

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gregates and averages—for example, "the money supply," "the price level," and "the purchasing power of money." Concepts like "the money supply" can only be plugged into a statistical model if you can add up the apples and oranges ("the fruit supply") and crunch some numbers. It is like a "hydraulic model" rather than an economic model. It makes no use whatsoever of the truly important tools of economics, such as marginal-utility analysis, opportunity costs, or changes in relative prices. Rothbard falls right into this macroeconomic trap with his discussion of the money supply and the purchasing power of money in his introductory chapters.

He could easily have avoided this problem of analysis if he had not started his book with a prejudice against fractional-reserve banking. He clearly understands the main line of analysis that Mises developed. For example, in the chapter "The Demand for Money" Rothbard writes:

There is another causal factor that can only lower the demand for money over time: new methods of economizing the need for cash balances. These are technological innovations like any other, and will result in a lower demand for money for each successful innovation. An example is the development of more efficient "clearing systems," that is, institutions for the clearing of debt. . . .

. . .

Credit cards are not part of the money supply, but carrying them enables me to walk around with a far lower cash balance, for they provide me with the ability to borrow instantly from the credit card companies. Credit cards permit me to economize on cash.

. . .

The development of credit cards, clearing systems, and other devices to economize cash, will therefore cause the demand for money to be reduced, and prices to increase.

The acceptance of this idea—that checking accounts must be included in "the money supply," while credit cards are a factor in "money demand"—is merely a traditional distinction among English-speaking economists. Money on deposit in checking accounts is a way of economizing on currency in circulation, just as currency itself was a way of economizing on coin in circulation.

Yet, macroeconomics has its traditions, just as lawyers and accountants do. An economist could just as accurately place checking accounts with credit cards, as ways to economize on more-basic forms of money—but if he did, he would not be able to play with the econometric models of all his academic colleagues. In Rothbard's case, it would no longer make any sense to say that "banks create money" or that bank customers are "victims of fraud." Rothbard's concession to conventional macroeconomics regarding "the money supply" weakens his analysis of deposit banking.

The approach taken by Mises enabled him to apply marginal-utility analysis to money—something the British writers were unable to do—and to integrate monetary theory with the rest of economic theory. The significance of Mises's approach can be seen by remembering the last time you wanted to make a telephone call with only a dollar bill in hand, or take a taxi with only your checkbook, or even try to cash a check in a distant city. Unfortunately, Rothbard does not discuss the issues of competition in currency that follow from Mises's insights.

He proposes that dollars should be convertible into gold at the rather startling rate of $1,696 per ounce.

The degree of substitutability among various forms of "money" is an important issue in international finance—"denationalized money"—and would be important also in a domestic free-banking system. Problems with banking systems in the past have had much to do with government regulation and political manipulation, as Rothbard discusses. The famous banking panics and runs on banks in the 19th century, for example, were a major consequence of the regulations on banknotes placed by the National Bank Act and the prohibition of nationwide, interstate banking in the United States.

Rothbard concludes the book with a concrete proposal to restore gold to a central role because some kind of non-political monetary base is essential for decentralized banking. His proposal for a gold standard, however, is also flawed by his incorrect analysis about "the money supply." He proposes that dollars should be convertible into gold at the rather startling rate of $1,696 per ounce. This ratio is not based on economic analysis, however, but on a simple mathematical comparison of statistics on "the money supply."

Everyone except Rothbard suggests the free market has to play a central role in defining and creating the new monetary unit. Ludwig von Mises addressed the question of how to restore a gold currency in a 1952 epilogue to *Theory of Money and Credit.* Economic journalist Henry Hazlitt and several other writers, including myself, Rep. Ron Paul (R-Tex.), Arthur Laffer, Lewis Lehrman, and Alan Reynolds, among others, have advanced their own proposals. Rothbard's argument may be worth debating, but it is an "all or nothing" political initiative, like most of the other proposals for remonetizing gold. When the economist attempts to become a politician, his suggestions have the proverbial snowball's chance in the House of Representatives.

At the Washington, D.C., "Pre-Williamsburg" monetary conference hosted by Rep. Jack Kemp (R-N.Y.) in May 1983, economist Alan Reynolds made a trenchant point: governments may "go off the gold standard," but the people never do. The sizable imports of one-ounce gold coins in recent years are some evidence that gold is already remonetized in the private sector. Rothbard's excellent arguments in favor of free, competitive banking could so easily be applied to this growing phenomenon in the area of gold coinage that one wonders why he rejects it.

Rothbard's discussion of central banking is an important contribution to the current debate about monetary policy and banking deregulation—in spite of his lapses into conventional macroeconomic theory and a throwaway proposal to restore gold convertibility for the dollar. A stable, competitive monetary system is important, because we can't have long-term capital markets without it—and we can't have a free-market economy without long-term capital markets.

Contributing Editor Joe Cobb is a member of the professional staff of the US House of Representatives Banking Committee.

LETTERS

(Continued from p. 9)

the last time you saw a mechanical adding machine." It was last fall in the office of the flour mill at Amherst, Virginia. The mill runs on water power. It is not a museum or a rich man's toy; it is a working business.

In the same editorial Mr. Poole discusses Chinese competence in making steam locomotives. He may not be aware that many top transportation analysts have concluded that US railroads cannot long afford to operate with increasingly expensive diesel locomotives, but that coal-fired steam locomotives must come back. Fortunately, we will be able to import the technology from China.

I hope you don't mind having a subscriber who has a 19th-century mentality and is proud of it.

Benjamin R. Moser
Stanley, VA

Capitalist Luck

Thanks for James Payne's thought-provoking article "When the Rich Get Richer" (Feb.). I would ask Professor Payne to consider these points: Can human effort find oil where there is none? Can even the hardest-working farmer raise a good crop on infertile soil? No: there is an element of luck in the distribution of resources and, therefore, in the wealth among nations.

As for the implication that the poor deserve their poverty, can the child born to a poor family in El Salvador—or in New York, for that matter—expect the same quality of education as a middle-class child? Can Professor Payne believe that children *deserve* to inherit their parents' poverty?

None of this justifies an end to private control of wealth, but the element of luck present in capitalism cannot be argued away. The poor people of the world—the people shopping for a government and an economic system—want to know what's in it for them. If they interview Professor Payne as a representative of capitalism, the answer will be, "Nothing, unless of course you are clever enough to help yourself." If they interview Fidel Castro, he will promise a piece of the pie for everyone, even though the net effect will be disaster.

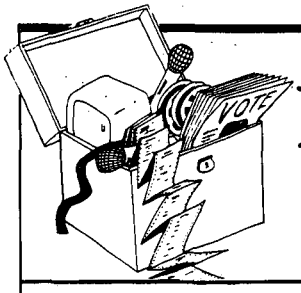
The refusal of capitalist theorists to acknowledge some responsibility to the poor makes it easier for the oppressed to accept communism. I think there is a clear economic justification for helping the poor: creation of wealth depends on ideas, and we cannot afford the kind of permanent poverty that shuts a whole class of people out of the process.

But above all, there is a need to add a moral dimension to capitalism if we expect to sell it to the world. Capitalists must start arguing that it is not enough to reassure ourselves that we have made the other man no colder. We must ask whether we have made him any warmer.

David Ross
Seattle, WA

Mr. Payne replies: There is no need to "add" a moral dimension to capitalism; it's already there. In this system, rewards flow to those who satisfy the wants of others. Hence, you are encouraged to figure out how to make your neighbor warmer. Under leftist doctrines, on the other hand, you are *not* rewarded on the basis of your service to your fellow man.

In any country, many individuals do not make an economically definable contribution and therefore receive no direct



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economic reward. They range from helpless babies to incompetent sculptors. Everyone, including free-market advocates, agrees that such individuals should be given some appropriate level of assistance. The dispute is over methods of caring for the nonproductive. Libertarians and (some) conservatives favor private arrangements on the grounds that voluntary giving is (*a*) ethical, (*b*) sensitive, (*c*) efficient, and (*d*) nondestructive. Liberals, socialists, and communists favor coercive redistribution regulated by political and bureaucratic processes.

As Mr. Ross admits, coercive methods of redistribution lead, sooner or later, to "disaster." Why do their advocates never learn this lesson? My answer is that they are victims of the endowment illusion. Believing that wealth happens automatically, they asume that production will be unaffected by forcible seizures of property (taxation, expropriation, etc.). Hence, to "sell" capitalism, we must first root out the deeply seated endowment illusion.

That, after reading my entire article, Mr. Ross still refers to the poor as "oppressed" (by the rich) reveals just how deep-seated this fallacy is.

The Perils of Purism

Tibor Machan's "Fighting Isolationism" (Feb.) introduces a welcome, sober contribution to the liberty-minded foreign-policy debate. Instead of merely shouting, "Drag the troops home!" Mr. Machan reminds us that we live in an imperfect world and must react to what *is*, not what we *wish* to be.

Purists who remind us of what year this now is and accuse Mr. Machan of "doublespeak," or crack open Orwell's *Animal Farm* to find comparisons there, will never shake Mr. Machan's testimony. Nor will anyone do so by overplaying the potential for abuse of military power inherent in military alliances. While that potential exists, the *actual* threat of communist aggression must be weighed against it.

We cannot build a new, freer America if we allow an aggressor nation to destroy the old; I for one would rather contend with Capitol Square than with Red Square. Nor will we necessarily be able to defend America more easily or less expensively by dragging the troops home. Sometimes a "costly" preemptive strike now, as in Grenada, can save a (partly) free nation from having to take even more costly defense measures later on. Those who advocate a purist stance must be willing to pay the price of its implementation.

Terry A. Hurlbut
Houston, TX

Exercised over Isolationism

Tibor Machan seems to suffer from Norman Podhoretz's inability to distinguish between isolationism and noninterventionism. The dictionary definition of *isolationism* is: "A national policy of abstaining from political or economic entanglements with other countries." Libertarian noninterventionists, on the other hand, simply oppose intervention, particularly military intervention, into the affairs of other nations. They seek strategic and conventional military disengagement from commitments to defend other states. The roots of this lie not so much in doctrines such as "the consent of the governed" as in the classical liberal notion of limiting government power....

I also want to address a rather serious point: the issue of an *a priori* approach to foreign policy. No noninterventionist I know of bases his or her views on *a priori* analysis. Naming only a handful of them—Earl Ravenal, Leonard Liggio, Walter Grinder, Ralph Raico, Murray Rothbard, Bill Evers, Jeffrey Hummel, Sheldon Richman, Jonathan Marshall, and myself—the one common characteristic is a general command of the *facts of international relations.* Yet in a debate I had with Professor Machan some years ago, he openly confessed his ignorance of facts in foreign affairs and even questioned what facts *were* in such an area...

Noninterventionism is not an *a priori* view; it is based on broad-ranging historical analysis, intense study of current affairs, and rigorous strategic analysis. It is not "deduced" from libertarian principles; it is a *policy prescription* based on the above, having the aim of keeping the United States out of wars, avoiding a nuclear confrontation with the Soviet Union, and limiting government power.

Roy A. Childs, Jr.
Washington, D.C.

Mr. Machan replies: Mr. Childs wants experts. The fact is that there are "experts" on all sides of the foreign policy debate. But as David Sills of the Social Science Research Council has observed in another context, "Many of the debates that characterize the environmental movement—perhaps any social movement—are on the surface 'factual' or 'technical' in nature. But closer inspection often reveals them to be debates over values." The list Mr. Childs provides confirms this. Those on it do share one value—nonintervention. But beyond that we do not know what they stand for, and so we cannot say what their reason is for advising what they do advise in the concrete circumstances of the world in which nonintervention and nonaggression are rarely found.

The advice of Mr. Childs & Co. is aimed at a pure world, while the actual world is mired in armed conflict, terrorism, and a far more thorough antilibertarianism than our statist government.

Britain's Emerging Market Consciousness

I have read the response from Michael Turner (Letters, Mar.) to my article in your October 1983 issue on the future of the economic thinking and policies of the new British Social Democratic party ("God Save the Market!").

Mr. Turner is right to be skeptical about my "extraordinary" indication that the SDP is emerging as a market-oriented party, but I hold to my view of its likely direction.

SDP policy has not reached its final form—if it ever will. It is in its infancy and is evolving at a fairly rapid pace. Mr. Turner's quotation from Shirley Williams goes back over a year and that from Owen more than three years. And my argument was that the SDP leaders were *changing.* Moreover, they were changing not only because their personal opinions were being revised, but because social and economic advance was inducing them to rethink their former socialism. In particular, David Owen, the former British foreign secretary, is emerging as the undisputed leader and he is certainly leading them in a market-oriented direction. In a speech in January 1984, he reemphasized that the British economy would have to reflect rather than resist market forces.

Mr. Turner also quotes the former Liberal leader Jo Grimond from more than two years ago. The importance of (now Lord) Grimond is that he is market-oriented and still exerts considerable influence in the Liberal party and therefore in the Liberal-SDP alliance.

SDP intellectuals are absorbing Owen's leadership on the "social market

economy." In a recent publication a group of them said "that the move towards the social market approach should be welcomed as a move away from corporate centralism...in the direction of a freer, fairer and more open society."

On some issues the SDP is more market-oriented than the Conservatives: competition policy, the trade unions, social benefits (which Owen wishes to make selective rather than universal).

I explained the SDP reorientation to the market partly in the light of the public-choice convergence theorem in two-party (or two-coalitions) systems. Although the Labour party has been showing improved figures in public-opinion polls, I hold to my view that they are on a downward curve, as the 1987-88 general election is likely to show. The importance for the United States is the probability that it will have to deal for the rest of the century not with a statist Labour-socialist government but with a market-oriented Conservative or SDP-led alliance.

Arthur Seldon
Institute of Economic Affairs
London, England

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(Continued on p. 64)

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Further & More

FORMULATING AN ACCORD

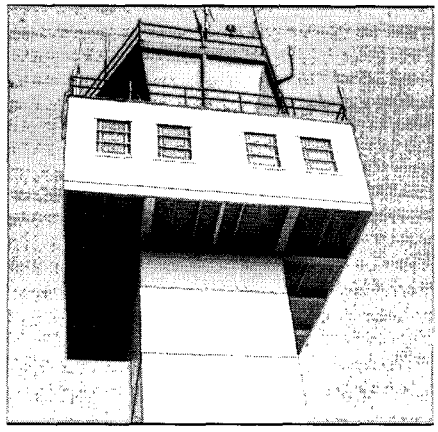
A 6-year-long boycott of Nestlé was terminated in January, when the Infant Formula Action Coalition ("Infact")—the boycott's organizers—finally agreed that the company was following the infant-formula marketing code set out by the World Health Organization in 1981. The boycott organizers had charged that Nestlé's aggressive marketing of its formula to Third World peoples endangered infants' lives by encouraging mothers to stop breast feeding their babies and instead use the formula, which must be mixed with water that may be polluted. In order to reach the accord, Nestle made certain concessions to Infact; but the boycotters' position was largely undercut when an investigative commission, headed by Edmund Muskie, last year found Nestlé to have been abiding by the marketing code. In "Infant Formula: WHO Mixes It Up" (Dec. 1982), James Hickel showed that many of the claims regarding the supposed evils of infant-formula and its makers were not based on any compelling scientific data.

In interesting juxtaposition to the news about the boycott was medical-writer Harry Schwartz's *Wall Street Journal* op-ed piece of January 12. Discussing UNICEF's recent report "The State of the World's Children 1984," Schwartz noted several contradictions within the United Nations' Third World health policies. For example, the UNICEF report holds out "oral rehydration" therapy—giving diarrhetic children, who face death by dehydration, drinks containing water, sugar, and salt—as an effective way to avoid childhood deaths; but Schwartz then wonders why "the mother who bottle feeds her child with infant formula, we were told, often is killing the child by giving it polluted water," while "this same murderous water is perfectly fine if given with salt and sugar in oral rehydration."

Moreover, Schwartz points out a correlation—not articulated in the UNICEF report but borne out by its own data—between increased use of bottle feeding and infant formula, on one hand, and sharp drops in infant mortality, on the other, in Brazil, the Philippines, and South Korea. It may turn out, then, that UN agencies could be charged, with great cause, with acting irresponsibly in their campaign against bottle feeding and the use of infant formula.

PRIVATE ATC SOARING

REASON's article "Towering Entrepreneurs" (May 1983) marked the first time a general-interest magazine looked at the phenomenon of privatizing air traffic control (ATC). Since then,



the idea of private operators taking over control towers from the Federal Aviation Administration has caught on both journalistically and politically.

Airline Pilot magazine subsequently asked the article's author, John Doherty, to write a report on the subject. And at press time, NBC's *Today* show was planning to air a feature on ATC privatization, having completed filming in Owensboro, Kentucky (one of the private tower locations Doherty had reported on), and in Washington, D.C.

Political and bureaucratic support for further ATC privatization is growing at a fairly steady pace. In January, Doherty reported that the Federal Aviation Administration no longer calls it a pilot program—it is now the National Contract Tower Program. More importantly, the FAA has slated six more airport towers for contracting out by the end of spring, and 20-30 more by this fall.

Unfortunately, the Labor Department has put one stumbling block in the way of private ATC firms. It recently decreed that controllers working for private firms must be paid the same wages as controllers employed by the government. This cuts the savings that can be realized by contracting with private firms from 50 percent to a mere 20 percent—but those savings are still substantial.

AND MORE

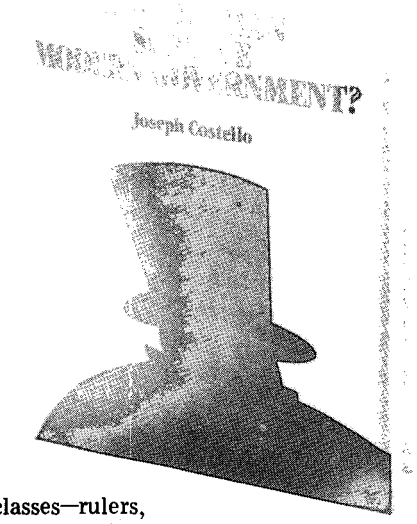
• *Fee education.* Come September, California's "free" community-college system—the only remaining tuitionless system in the country—will be no more (see "An Education about a Subsidy," Trends, March). The state legislature voted in January to implement a $50-per-semester tuition at the schools.

• *Private satellites recommended.* Private international-communications satellites would be in the interest of the United States, according to the National Telecommunications and Information Administration. Two firms, Orion Satellite and International Satellite, have applied to launch satellites for transatlantic communication, a service that, under international agreement, the federal government allows only the international governmental consortium Intelsat to offer in this country (see Trends, Jan., p. 22).

• *Olympian controls routed.* In last August's REASON, Robert St. Yves recounted his experiences as a motel owner contending with state controls during the 1980 Winter Olympics in New York ("Tyranny Takes the Gold"). Los Angeles Mayor Tom Bradley, who evidently missed that REASON issue, subsequently proposed that Los Angeles pols establish a ceiling on hotel and motel room rates during the Olympics there, thus repeating New York's mistakes—but in January, a City Council committee unanimously rejected his proposal.

• *Dover woes.* In February, Further & More reported that the prospects for a private fire-fighting service in Dover, New Hampshire, had gone up in smoke when voters there approved a charter revision that bans contracts with private companies for any city services. Now, in the wake of the charter revision, a local union representing city workers says it is "very likely" that it will challenge long-standing city contracts with private companies for snow plowing and rubbish removal. As the *New Hampshire Times* said, "The other shoe has dropped in Dover."

Can Modern Man Survive Modern Government?



For libertarians, the title of this book says it all. Dr. Joseph Costello has penned what may well be the most brilliant libertarian essay ever written. It is savage, biting, lucid, exquisitely reasoned, moral, radical...and profound.

At the heart of it lies his belief that unless the *nature* of government is immediately transformed, worldwide, the statists—both the well-meaning ones and those who are more sinister – will doom mankind and extinguish further progress and civilization.

A Doctor's Diagnosis

Never has the nature of government come under more ruthless scrutiny. Dr. Costello depicts a master-slave relationship between the ruled and rulers. He defines three distinct classes—rulers, the ruling, and the ruled— and demonstrates that rulers allied with ruling classes (the privileged) tend to demolish the hopes, dreams, advancement, and safety of the ruled.

States are *inherently* warlike, he contends. They war on other states as well as their own citizens, the ruled. Rarely do they wage war with the consent of the ruled, who are cannonfodder. In the nuclear age, this inherent tendency of states to war is a fatal flaw that *could swiftly undo every iota of progress man has ever made!*

The Art of Bullying

Coercion is the monstrous and destructive foundation of all governments—coercion that systematically discourages the flowering of the ruled and in the end generates injustice.

The author calls government today a "Stonehenge relic" and argues that what began as a noble experiment in freedom in the U.S. is no better now than the vicious, unjust, oppressive European governments that immigrants to America fled not long ago.

A Way Out

Is there a way out?

Dr. Costello believes there is. It is perfectly simple, profound, consistent with human nature—and radical. It is based on the libertarian idea that each person is competent to look after his own best interests.

He calls it Consent Of the People (COP), and it is a revolutionary form of plebiscitary democracy. There now exists the simple technical means to hold instant national plebiscites on all issues of importance by using the phone system and computers. This would replace *representative* republican government (in which the ruling connive against the ruled).

"The People" Keep Watch

He argues, simply, that ordinary citizens don't vote for wars and don't squander their liberties. They resist excessive taxes and huge military machines. What could be more radical—and hopeful— than putting public policy in the hands of citizens worldwide? COP is the key to preventing nuclear war!

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ESCORT finds radar before radar finds you

You may have been a passenger in a car equipped with a radar detector. Unless the detector was an ESCORT, you probably came away unimpressed.

A Good Idea, But...

The fact is, most radar detectors create more problems than they solve. They buzz and beep for no reason. And when they do pick up radar you're close enough to see the patrol car. But not all detectors are created equal.

Does it work?

Listen to the experts. When Car and Driver magazine first tested ESCORT, they said "**You will be pleased to know that the radar detector concept has finally lived up to its promise...once you try the ESCORT, all the rest seem a bit primitive.**" Their most recent test adds "**All things considered, the ESCORT is the best piece of electronic protection on the market.**"

Red Alert

Other detectors simply sound an alarm. You have to go on full alert, because you don't have enough information. How close is the radar? Just over the hill, or a mile away? Is it ahead or behind? X band or the insidious K band?

And how is it being used? "Instant-On" from a stationary trap? A moving radar unit approaching rapidly from ahead? You have no way of knowing.

Advantage ESCORT

Upon radar contact, ESCORT's alert lamp responds and the analog meter shows radar signal strength. At the same time, you will hear an audio warning—pulsing slowly when the radar is weak, quicker as it strengthens, then constant as you approach the radar unit.

ESCORT even uses a separate warning tone for each radar band. "Beep" for X band, a more urgent "brap" for K band because you have less time to act.

Quite simply, ESCORT tells you everything you need to know about radar encounters.

Informed Source

Another problem with most detectors is false alarms. They sound off so often you're never sure if it's radar or something else. Most frequently they're set off by "polluting" radar detectors, cheap imports so carelessly designed they actually *transmit* on radar frequencies. These "polluters" can set off an ordinary detector up to a mile away.

But not ESCORT. Our special ST/O/P™ (STatistical Operations Processor) circuitry recognizes and rejects these spurious signals. With ST/O/P, ESCORT does not report on fellow travelers.

Only on radar.

User Friendly

And when the warning does come, it's in a friendly voice. The audible warning is the same frequency used for Morse code (1024 Hz). And a fully adjustable volume control lets you set the level—ESCORT can cut through a Ferrari's interior noise, or leave a resting passenger undisturbed. Even the alert lamp is carefully thought out. It's bright enough to be seen in direct sunlight, but is automatically dimmed during nighttime operation.

A quick glance at the red LED assures you that ESCORT is on, and a City/Highway switch optimizes performance to either condition. All of this packaged in a low-profile aluminum case only 1½ inches high and 5¼ inches wide so you can have it, but not flaunt it.

The Bottom Line

It's easy to try ESCORT at no risk. Just dial our toll-free number; we're only a parcel delivery away. Take the first 30 days as a test. If you're not absolutely satisfied, we'll refund your purchase and pay return postage. We also back ESCORT with a full one-year limited warranty on parts and labor.

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